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The world's biggest IPO
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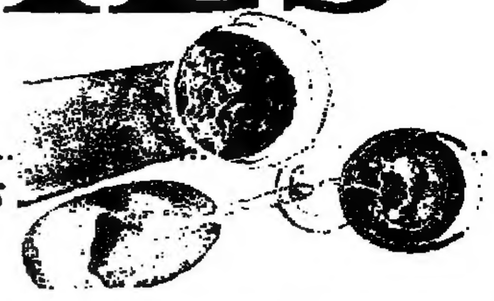

World Business Newspaper http://www.FT.com FRIDAY OCTOBER 4 1996

Crédit Lyonnais chairman seeks further $1.7bn

Troubled state-owned bank Crédit Lyonnais needs a recapitalisation of at least FFr9bn ($1.7bn) from the French government to make the group fit for privatisation, chairman Jean Peyrelevade said. He said he was capable of preparing a sell-off within 18 months, but only on condition that the bank reinforced its equity to maintain its credit rating. Page 23; Fattening up for market, Page 25

No concessions for Eurotunnel: Eurotunnel's plan to refinance its £9bn ($14bn) debts, which will be outlined on Monday, will not include any concessions from the UK and French governments. Page 23

Single EU price for Aids drug: US pharmaceuticals company Merck is planning to change years of healthcare industry practice by giving its new Aids drug a single price across the European Union. Page 22

Denmark closes currency dealer: Denmark ordered the immediate closure of Scandex Capital Management, a British-run but Copenhagen-based company offering currency trading schemes to private investors across Europe. Page 22

EU minister backs rail freight freeways: A plan for cross-border rail "freeways" in the European Union to entice freight transport off the roads was backed by EU transport ministers. Page 2

VAI says Kvaerner papers were taken: Austrian engineering group VAI, which is embroiled in an industrial espionage row with Scandinavian rival Kvaerner, admitted that its employees had removed confidential documents from one of Kvaerner's UK subsidiaries. Page 23

Brussels agrees beef labelling scheme: The European Commission agreed a labelling scheme for beef, backed by a compulsory passport regime for all EU cattle, as part of a drive to restore credibility in the beef sector. Page 2

Polish poet wins Nobel Prize

Polish poet Wislawa Szymborska, 73, (left) has won this year's Nobel Prize for Literature. The award surprised observers, who had expected a novelist to win the $1.12m award after Irish poet Seamus Heaney won last year's prize. A selection of 100 of Szymborska's poems have been translated into English under the title *View with a Grain of Sand*. Page 19

WTO condemns Japan's whisky tax: The World Trade Organisation ruled that Japan's tax regime which favours local liquor over scotch whisky, amounted to unjustified discrimination. Japan returns fire, Page 4

Yeltsin says he is still in charge: Ailing Russian president Boris Yeltsin told Russians in a radio broadcast that he was still playing an active role in running the country despite preparing for heart surgery. Page 3

VW plans new plant for Brazil: Volkswagen, Europe's biggest carmaker, plans to invest more than DM1bn ($658m) on a new plant in Brazil. Page 4

North Sea closures could cost £3.7bn: Decommissioning oil and gas platforms in the UK sector of the North Sea could cost £3.7bn ($13.6bn), a study by industry consultants Wood Mackenzie shows. Page 9

Prudential reveals $20m Tokyo fraud: Prudential Securities, stockbroking arm of Prudential Insurance of the US, admitted to a Y2.2bn ($20m) fraud by a Japanese former employee at its Tokyo branch. Page 23

Changes will narrow share price gap: The gap between bid and offer prices for large company shares will narrow by at least a quarter when order-driven trading on electronic screens is implemented in London next year, the London Stock Exchange predicted. Page 9

Japan and Taiwan in islands talks: Taiwan and Japan will meet in Tokyo today in an effort to defuse an escalating row over sovereignty of the Diaoyu islands. Page 8

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■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,928.01	(-5.96)
NASDAQ Composite	1,234.52	(-1.52)
Europe and Far East		
CAC40	2,136.09	(-5.75)
DAX	closed	
FTSE 100	4,000.0	(-15.1)
Nikkei	21,331.5	(-167.1)

■ US LUNCHTIME RATES

Federal Funds	5⅜%
3-mth Treas Bills: Yld	5.03%
Long Bond	98⅜
Yield	6.845%

■ OTHER RATES

UK: 3-mo Interbank	5⅞%	(same)
UK: 10 yr Gilt	100⅛	(100⅛)
France: 10 yr OAT	103.28	(103.29)
Germany: 10 yr Bond	closed	(101 6)
Japan: 10 yr JGB	101.5404	(101.214)

■ NORTH SEA OIL (Argus)

Brent Dated	$23.60	(23.15)

■ GOLD

New York: Comex		
(Dec)	$382.7	(382.3)
London:		
close	$379.7	(380.4)

■ DOLLAR

New York: lunchtime		
£	1.56565	
DM	1.53065	
FFr	5.181	
SFr	1.2552	
Y	111.505	
London:		
£	1.5661	(1.5675)
DM	1.5306	(1.527)
FFr	5.1785	(5.1683)
SFr	1.2545	(1.2525)
Y	111.47	(111.75)
Tokyo close:	Y 112.05	

■ STERLING

DM	2.3971	(2.3935)

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lts 19.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh15	Slovak Rp	Sk75
Cyprus	C£1.30	Iceland	IKr250	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kc70	India	Rs75	Nigeria	Naira125	Spain	Pta250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 28	Japan	Y500	Pakistan	Rs50	Syria	S£50.00
Finland	FM18.00	Jordan	JD1.75	Poland	Z6.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils 750	Portugal	Es265	Turkey	L125,000
Germany	DM4.00	Lebanon	LL3500			UAE	Dh12.00

Brussels expected to recommend changes to create legal market

Airport slot trade may open up

By Michael Skapinker in London

The European Commission is expected to recommend that the buying and selling of airport take-off and landing slots, presently traded by airlines on a grey market, be legalised.

The move would be a boost for British Airways and American Airlines, which think this would be the best way for other US carriers to gain access to London's Heathrow airport. Airlines in the US have objected to the proposed alliance between BA and American on the grounds that the two carriers would dominate transatlantic traffic from Heathrow.

The Commission is expected to recommend changes to EU slot regulations by the end of the year. EU officials say the Commission is working towards "regularising existing practice" and establishing new rules for congested airports throughout the EU.

Airline executives say slots frequently change hands for some financial consideration, although it is difficult to find out at what price. One London aviation lawyer said he knew of a pair of peak-hour Heathrow slots sold for $1m.

Airlines obtain slots at a twice-yearly meeting hosted by the International Air Transport Association, which represents airlines worldwide. At the meetings, airlines put their demands to national slot co-ordinators and exchange slots with one another. Exchanging slots is legal provided no money changes hands. Co-ordinators keep trying to match airlines with slots after they return home.

Once an airline has received a slot, it has "grandfather rights" over it, which means it can continue to use it the next year and can even use the slots to fly to a different destination.

Existing EU regulations, which dovetail with the IATA practice, came into force in 1993, but the Commission was told by ministers to monitor the effects and recommend any changes necessary.

The 1993 regulations accept the principle of "grandfather rights". Airlines lose their slots if they do not use them for at least 80 per cent of their allotted time.

The regulations attempted to assist new entrants to congested EU airports by creating pools slots generated by more efficient use of runways or from slots returned by airlines – either voluntarily or under the "use-it-or-lose-it" rule. Half of the slots in the pool must be allocated to new entrants to the airport, defined as those which have fewer than four slots a day.

But the UK Civil Aviation Authority last year found the slot pool had not led to an increase in airline competition. The CAA also said that at Heathrow only 10 per cent of the slots allocated to new entrants were during the busier periods of the day when most passengers wanted to fly.

The CAA rejected the idea of auctioning slots, saying this would favour larger airlines at the expense of independent carriers. EU Commission officials are believed to have reached a similar conclusion.

The Commission is looking at whether smaller airlines will need to be protected if buying and selling of slots is legalised and, if so, how.

Other issues must be resolved. If airlines are permitted to trade in slots, the slot value should appear on their balance sheets. US airlines that wish to enter Heathrow believe they should receive slots free as carriers allocated slots by national co-ordinators have not had to pay.

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US polls show Dole failing to advance on Clinton

By Jurek Martin in Washington

Three US national opinion polls published yesterday showed Republican presidential candidate Bob Dole trailing President Bill Clinton by up to 21 points, indicating a further worsening of his prospects for the coming poll.

Mr Dole last night left the campaign trail for his Florida apartment with two issues uppermost in his mind – a possible radical revision of his whole election strategy and preparation for Sunday night's critical TV debate with Mr Clinton.

The key decision is whether to write off the west, above all California, and the north-east and pour all resources into the remaining 30 or so states which, if he carries the majority, give him a mathematical chance of winning the election in November.

This choice is prompting sharp divisions in the Republican camp. Mr Jack Kemp, the vice-presidential candidate and a native Californian, is among those urging that the largest state cannot be abandoned.

Mr Newt Gingrich, the Speaker, is also openly concerned that such a decision could cost Republicans enough seats in the House that its current majority could be lost.

The Sunday night debate, the first of two between the heads of the respective tickets, is widely seen as Mr Dole's last chance to derail the Clinton bandwagon. Both candidates are spending most of the next three days in seclusion, boning up for the confrontation and practising with mock opponents.

Mr Dole has not been helped this week by Mr Clinton grabbing the headlines with the Middle East summit.

Although it produced no breakthrough, the president is given credit for trying, while Mr Dole has been criticised, even by some Republicans, for what came over as a vote-catching intervention on the Israeli side.

Of the three new polls, the "rolling" CNN/USA Today survey, which had him closing to within nine points last week, now gives Mr Clinton 55 per cent, Mr Dole 34 per cent and Mr Ross Perot of the Reform Party 5 per cent. The split in the ICR Survey Research Group poll was 53-35-5, while that of Louis Harris was 55-34-7.

However, the latest poll published by Reuters had Mr

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Breakthrough at Bosnia summit

Presidents Slobodan Milosevic of Serbia and Alija Izetbegovic of Bosnia agreed to establish full diplomatic relations yesterday in a breakthrough at their first bilateral summit.

The agreement was mediated by French president Jacques Chirac who is pictured (centre) greeting Mr Milosevic (left) and Mr Izetbegovic. He used an official lunch to break the diplomatic impasse and achieve a landmark in a hitherto US-driven peace process.

Bosnia and Serb-led Yugoslavia are the last of the five countries that emerged from the ruins of the communist federation to normalise their ties. Report, Page 2 Picture: Reuter

P&O and Stena join up in bid to fight Eurotunnel

By Charles Batchelor in London

P&O and Stena Lines, the two largest operators of cross-Channel ferry services, are to merge their operations on the English Channel in order to fight off competition from Eurotunnel.

The two ferry companies will face sharp scrutiny from the competition authorities in the UK and Brussels. But they believe their plan to reduce sailings, combine timetables and undertake joint marketing should obtain approval in time for the start of the spring 1997 tourist season.

Their announcement came two days after Eurotunnel, Anglo-French operator of the Channel tunnel link, reached a preliminary agreement with its bankers about a capital restructuring but the two events were not linked, the companies said. The markets welcomed the announcement: P&O's share price rose 20p to 645p while Stena's firmed SKr2.20 to SKr34.20.

The ferry operators have been suffering growing losses on their shorter English Channel routes following the tunnel's opening in May 1994 and the start of a fierce price war. Eurotunnel cut prices 50 per cent this year.

"Once the £12bn Eurotunnel was dumped into the ferry market it was clear there would have to be rationalisation," Lord Sterling, P&O chairman, said. "The P&O Stena Line will have combined assets of £410m. It is David against Goliath but history shows that David can win."

The company's three routes will be Dover to Calais where each partner has five ships, Dover to Zeebrugge where P&O has three freight ferries, and Newhaven to Dieppe, where Stena has one vessel.

The two partners believe they can make an annual saving of £75m ($117m) on total costs of £280m though there will be a one-off restructuring charge of £38m. Two ships will be taken off the Dover-Calais route by the end of the year, leading to the loss of up to 300 jobs, and more ships may be taken out later. A total of more than 1,000 of the two companies' 5,500 staff employed on short-sea routes will be shed.

The merged company will have about 45 per cent of the car and freight markets across the English Channel compared with Eurotunnel's 40 per cent. But the partners do not expect to be able to push through fare increases, merely get rid of some of the more extreme discounts, said Lord Sterling.

P&O will take a 60 per cent stake in the merged company reflecting the higher value of the ships and other assets it will put in, but voting control will be shared equally.

The proposal will be scrutinised by the UK's Office of Fair Trading and could be referred to the Monopolies & Mergers Commission. The European Commission will assess its impact on competition. Ferry operators were freed to discuss mergers in July.

No concessions on tunnel franchise, Page 23; Editorial Comment, Page 21; Lex, Page 22; London stocks, Page 40

Olivetti to include PC division in $790m asset sale

By Robert Graham in Milan

Olivetti, the Italian information technology group, aims to raise L1,200bn ($790m) in assets sales including its personal computer division and a stake in Omnitel, its mobile telecoms subsidiary.

The sell-off is intended to reduce debt and avoid a fresh call for cash from disgruntled shareholders.

Mr Roberto Colaninno, the new chief executive, said Olivetti would pull out of the personal computer market. Losses in PCs have been one of the biggest drains on Olivetti's finances. "This is our number one priority sale," Mr Colaninno said.

Denying the sell-offs represented a fire sale, he said he was pledged to preserve a slimmed Olivetti concentrating on telecoms. "This is not a liquidation strategy," said Mr Colaninno, who had previously been running Sogefi, a motor manufacturing group he founded 16 years ago.

Talks are already under way with Mannesmann to sell the German company an 8 per cent stake in Omnitel-Sistemi Radiocellulari (SR), the multinational consortium led by Olivetti. The consortium owns 70 per cent of Omnitel Telecomunicazioni Cellulari (TC), the mobile phone operating company set up in January.

The sale of the PC business would be concluded before the end of the year, he said, but declined to name potential buyers. A first-half loss of L15.6bn was recorded on PC sales of L1,000bn. Olivetti is producing less than 1m units a year – insufficient to enjoy economies of scale in the cut-throat computer market.

The Omnitel divestment was also scheduled for this year, according to Mr Colaninno. The 8 per cent stake in Omnitel-SR was bought last year from Lehman Brothers for L283bn but is now believed to be worth considerably more. The sale would reduce

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Milosevic and Izetbegovic in breakthrough at first bilateral summit

Bosnia, Yugoslavia to establish ties

By Laura Silber in Paris

Presidents Slobodan Milosevic of Serbia and Alija Izetbegovic of Bosnia agreed to establish full diplomatic relations yesterday in a breakthrough at their first bilateral summit.

Bosnia and Serb-led Yugoslavia are the last of the five countries that emerged from the ruins of the communist federation to normalise their ties.

Under the agreement, mediated by French President Jacques Chirac, Yugoslavia agreed to respect the territorial integrity of Bosnia and Hercegovina, a country its forces initially fought to partition.

In return, Bosnia agreed to recognise the Federal Republic of Yugoslavia, comprising Serbia and Montenegro, as successor to the old communist state.

Mr Milosevic and Mr Alija Izetbegovic, a Moslem elected chairman last month of Bosnia's three-man presidency, agreed to exchange ambassadors as quickly as possible. They also vowed to respect the freedom of trade and transport, and allow visa-free entry by each other's nationals.

Both leaders acknowledged the role of Mr Chirac, who used an official lunch to break a diplomatic impasse and set up a new landmark in a hitherto US-driven peace process.

Announcing the agreement in the Elysée Palace, where the Balkan presidents signed the Dayton peace accords last December, Mr Chirac stressed his support for both countries.

"We want to see the full reintegration of Yugoslavia into the international community, and a guarantee for the integrity of Bosnia and Hercegovina," he said.

Mr Milosevic welcomed an agreement which brings his cash-strapped country one step closer to full rehabilitation. "We have taken a crucial step forward, toward total stability in the region," he said. "I am deeply convinced we will succeed in achieving what we have set out to do."

Earlier, he had told western officials he feared a backlash among Serbs if Yugoslavia recognised Bosnia. But he defended his subsequent decision to recognise the Sarajevo government, a move that will further marginalise the Bosnian Serb leaders who were once his proxies.

"It is in the interests of all the citizens of Yugoslavia and Bosnia-Hercegovina to set behind us the period of confrontation and replace it with co-operation," he declared.

Mr Izetbegovic was more reserved, cautioning: "We have signed the document, now we must now implement it." A western diplomat noted that no date had been set for the exchange of ambassadors.

Until yesterday, Mr Milosevic had refused to establish full diplomatic ties until the Moslem-led Bosnian government dropped its suit before the International Court of Justice in The Hague over Serbian genocide in Bosnia.

A crucial clause in the seven-point agreement says both parties will refrain "from any political and legal acts that do not contribute to the development of friendly relations and co-operation".

Yugoslav officials were confident this formula committed Bosnia to dropping its suit; western diplomats said this was not certain.

In a gesture of respect for the integrity of Bosnia, Mr Milosevic agreed to despatch a senior Serbian official to tomorrow's inaugural ceremony of Bosnia's new presidency and the 42-seat House of Representatives.

EU begins Maastricht 2 hard sell

But the Irish are playing down summit expectations, writes Lionel Barber

The Irish are great improvisers, but they will need all their inventiveness to extract success from tomorrow's European summit in Dublin.

The one-day meeting of EU leaders is supposed to inject urgency into the slow-moving intergovernmental conference (IGC) to review the Maastricht treaty. But the Irish presidency, bounced like everyone else into staging a mid-term summit by an over-enthusiastic President Jacques Chirac of France, is playing down expectations.

"Do not expect any agreements," said Mr John Bruton, prime minister, after holding pre-summit talks on Wednesday with Chancellor Helmut Kohl of Germany.

The Maastricht 2 conference was orginally billed as a historic opportunity to shape Europe's future in the 21st century, but the reality so far has been more prosaic. The special representatives of the 15 EU member states have spent the first six months circling each other warily; serious negotiations have barely begun.

Mr Noel Dorr, the methodical Irish diplomat who is chairing the IGC talks, likens his task to painting an intricate picture. By mid-December a rough outline should emerge, in the shape of a draft treaty text at the Dublin 2 summit. Then it will be up to the Dutch – "the old masters", quipped one Irish diplomat – to complete the painting by the appointed date in mid-1997 at the Amsterdam summit.

Two questions loom large on the canvas. The first is whether to anticipate the impact of economic and monetary union and enlargement to eastern Europe and order a radical overhaul of decision-making and institutions. Reforms would include an end to unanimity in foreign policy, more qualified majority voting, a reduction in the size of the 20-strong European Commission, and a commitment to more flexibility which would allow countries to opt in or out of common policies.

Flexibility could emerge as one of the IGC's chief themes, but it is fraught with risk. It could smooth the way for activist-minded countries such as Britain and France to take the lead in foreign policy, but it could also undermine the EU's collective voice and weaken solidarity.

"An awful lot more work needs to be done on the practical implications of flexibility," says a UK official.

The second IGC challenge is how to carry out any changes without damaging the interests and rights of the existing members of the EU club. The issue here is the relationship between the smaller countries such as the Benelux, Ireland, and Portugal, which have a disproportionate share of votes, and the larger countries such as Britain, France and Germany, which want to take greater account of size and population.

There is no consensus on either point. Indeed, since the summer holidays the waters have become muddier.

France has pressed for a stripped-down IGC and an early conclusion on the grounds that Emu is the defining force in EU integration. Chancellor Kohl floated the idea this week of a Maastricht 3 conference should the IGC fail to achieve adequate results. Meanwhile, the Dutch have raised doubts about concluding the IGC in time for Amsterdam.

The charitable explanation is that EU leaders are suffering an attack of nerves before the serious bargaining starts.

Jitters about the timetable are understandable because of the timing of the UK general election, to be held by next May at the latest. The British conservative government under Mr John Major has little room for manoeuvre before the election, and perhaps not much more afterwards. A future Labour government would struggle to conclude negotiations within six weeks of taking office.

A more suspicious line of argument runs along the lines that many countries, especially those in the poorer southern states, are at best ambivalent about enlarging the EU to central and eastern Europe. A delay in the IGC or a modest outcome could suit those favouring the status quo built on an unreformed Common Agricultural Policy and generous regional aid.

Tomorrow's summit could usefully clear the air. By insisting on the priority of a reformed EU capable of expanding to eastern Europe, EU leaders would signal that they intend to keep their ambitions high and not be diverted from the present timetable between 1996 and 1999.

This timetable includes wrapping up the IGC (mid-1997); opening enlargement negotiations (early 1998); selecting candidates for Emu (spring 1998); beginning new negotiations on a new EU budget (mid-1998); launching the single currency (January 1999); and reaching agreement on reforms of the Common Agricultural Policy and regional aid (around 2000).

The final task of the IGC is to repair the original Maastricht treaty, which almost crumbled after the Danes voted No in a referendum in June 1992. Although Maastricht was eventually ratified in November 1993, the Danish rejection exposed public unease about deeper political integration and remote decision-making.

Contrite political leaders have promised to make amends in Maastricht 2. Their watchwords are openness, transparency, and subsidiarity (the code for limiting Brussels' interference and devolving decisions to the lowest appropriate national or regional level). Other promises cover a new "citizens' Europe" with new treaty language on the environment, employment and, most likely, fundamental human rights.

British officials are asking hard questions about how these promises will translate into practical results, but the majority view is that more needs to be done to "market" Maastricht 2. The hard sell starts tomorrow in Dublin.

Muddy waters: Chancellor Kohl sees the possibility of a Maastricht 3 conference, President Chirac backs a stripped-down IGC, while John Major has little room for manoeuvre

France and Italy repair their bruised relations

France and Italy last night mended fences in the row over President Jacques Chirac's remarks questioning the Italian economy's fitness for the single European currency, writes Our Foreign Staff. The rapprochement at a summit in Naples improved prospects for a harmonious meeting of EU leaders tomorrow in Dublin devoted to the intergovernmental conference to review the Maastricht treaty.

The sluggish pace of the IGC has aroused concern, particularly in France, which is determined to wrap up the conference well in advance of the March 1998 parliamentary elections.

The fear in Paris is that anti-Maastricht sentiment could surface, fuelled by populist opposition to the single currency.

A spokesman for Mr Chirac said he hoped the Dublin summit would allow the IGC to be concluded in mid-1997 at the Amsterdam summit. He hoped that leaders would agree on "a list of issues and solutions" to give foreign ministers a mission in the conference.

High-level diplomatic contacts continued in European capitals yesterday, with activity centring on Paris. Mr Malcolm Rifkind, UK foreign secretary, held talks with Mr Hervé de Charette, French foreign minister. Both sides stressed their commitment to strengthening the role of national parliaments and subsidiarity in EU decision-making.

Ministers back EU rail freight freeways

By Caroline Southey in Luxembourg

A plan to cut traffic congestion in the European Union by setting up cross-border rail "freeways" to entice freight transport off the roads has won the backing of European transport ministers.

Eleven EU countries agreed to a plan spearheaded by Mr Neil Kinnock, European transport commissioner, to draw up two models for rail services tailor-made for freight.

The services would include arranging rail corridors which would give freight priority over passenger services, and a single pricing system enabling freight operators to buy one ticket, and pay one rate, for a journey across more than one member state.

"The infrastructure is all there. This does not require legislation or investment. All it needs is co-operation between member states," said an EU official.

Experts from the Commission and the member states will present models for the two lines – one running from Sweden to Italy, the other from the Netherlands into eastern Europe – to ministers in December.

Mr Kinnock hopes to have the corridors set up by 1997.

Mr John Watts, the UK rail minister, said: "Freight freeways could encourage more freight traffic to use rail. That in turn could offer a fresh incentive to freight hauliers."

The initiative is part of a desperate drive to tackle a decline in the EU's rail services, and chronic, and growing, road congestion.

Rail's share of the freight market, currently 16 per cent, has fallen steadily over the past 25 years despite growth of 70 per cent in the sector.

Freight operators have turned their backs on rail because services can be slow and inefficient. Freight travels at an average speed of 15km an hour across the Union, mainly because freight trains are forced to give priority to passenger services.

Other factors hampering efficient cross-border services include incompatible signalling systems and the insistence by some countries that crews have to change once the train has crossed a border.

"The aim is to integrate what were traditionally national rail networks. Integration between major trading partners makes economic sense," said the EU official.

The "freeways" plan emerged from Mr Kinnock's broader and more controversial strategy to revitalise the EU's railways.

The proposals, aimed at making rail services more competitive, include introducing market forces into domestic passenger transport, reducing the debts of rail companies, and splitting infrastructure from transport services into separate business units.

The transport ministers all agreed with the need to shift traffic from road to rail, but a number balked at Mr Kinnock's restructuring proposals.

France, Spain, Italy, Belgium and Portugal questioned the economic and social value of splitting national companies, while others, such as Germany, warned against forcing the pace of reform.

Brussels agrees beef 'passport' scheme

By Caroline Southey

The European Commission yesterday agreed an ambitious labelling scheme for beef, backed by a compulsory passport regime for all EU cattle as part of a drive to restore credibility in the beef sector.

Mr Franz Fischler, European commissioner for agriculture, said the measures were long overdue and were aimed at "rebuilding consumer confidence in beef, seriously damaged by the BSE [bovine spongiform encephalopathy] crisis".

"It is unlikely that we would have seen the huge drop in beef consumption which resulted from the scare if this identification and labelling system had been in operation prior to the BSE crisis," Mr Fischler added.

The proposals include a voluntary labelling scheme for beef and beef products which member states will have to manage. Labels could carry information on the animal's place of birth – member state or region – sex, method of fattening, where fattening and slaughtering took place, date of slaughter, length of time beef was hung, and methods used to de-bone and cut the meat.

To ensure a rapid tracing system for animals, Mr Fischler has proposed ear tags and passports for all EU cattle. In addition, all information about the movement of animals will have to be fed into data bases set up by each member state.

The labelling proposals are likely to face resistance from some member states, notably Austria and Germany, which want a compulsory scheme. Beef consumption in Germany has suffered the steepest falls during the six-month-old BSE crisis.

Beef consumption across the union remains 17 per cent down on last year's levels. The Commission's labelling scheme is partly modelled on the system in Austria, the only EU member state to provide consumers with detailed information on the origins of meat and meat products.

EU officials said a compulsory EU-wide system would create huge administrative burdens. "Special control bodies would have to be set up, and it would be difficult to manage technically. We believe it is better to leave the management up to industry," an EU official said.

The Commission is confident that once a few member states start using labels, others will follow. "Market forces will decide," the EU official declared.

The EU meat and processing industry has backed a voluntary scheme.

Some member states are expected to resist the animal registration scheme, particularly those with sophisticated regimes already in place. "For some countries, the proposals will raise serious technical problems; they will want to ensure disruption to what they have is kept to a minimum," an EU diplomat said.

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Action urged to cut smoking

By Neil Buckley in Brussels

The European Commission is being urged to take radical action to cut tobacco consumption to protect public health, including banning cigarette vending machines and allowing only plain white "generic" packaging for cigarettes.

A committee of experts appointed by the Commission as part of its "Europe Against Cancer" programme presented the recommendations yesterday to Mr Padraig Flynn, social policy commissioner, at a conference on tobacco in health in Helsinki.

Mr Flynn stressed the European Union's determination to act against smoking, calling President Bill Clinton's recent initiatives on tobacco control a "courageous act".

Even if only some of the ideas were turned into legislative proposals by the Commission, they would represent a significant assault on the tobacco industry.

The experts recommend cutting tobacco consumption should be the EU's "top health priority" until the year 2000. Their ideas include reductions in nicotine and tar levels, more prominent health warnings, and displaying on each cigarette packet a freephone number where smokers can receive health information. Only generic "white" packaging should be permitted for cigarettes, they add.

Cigarette machines should be withdrawn to prevent children from using them, while smoking should be generally banned at work and in public places, except in designated areas.

The committee also wants the EU to follow a policy of tax increases on cigarettes to discourage smoking.

Mr Flynn urged member states to adopt the Commission's proposal for an EU-wide advertising ban on tobacco. He welcomed the experts' recommendations, promising to "consider them carefully".

EUROPEAN NEWS DIGEST

Italy seeks Iri debt delay

Italy has asked for a one-year extension on the terms of a 1993 agreement to reduce the debt of the Iri industrial holding, Mr Karel Van Miert, the EU competition commissioner said yesterday. He added, however, that only a six-month delay was possible "because we want to ensure that the privatisations are done quickly".

Under the existing accord between Italy and the European Commission, Iri must cut its debt to below L5,000bn ($3.3bn) by the end of this year.

Mr Van Miert told a briefing in Rome said he would recommend that Brussels grant Italy a six-month extension. He had said last month that an extension would be needed because of hitches in Italy's privatisation programme that have delayed the sale of the Iri-controlled telecoms holding Stet.

Iri's net debt at the end of 1995 was L22,456bn. Stet is due for sale next February or March and the group will probably also have to sell off its motorway toll group Autostrade to meet the Commission's terms. *Reuter, Rome*

Nato called back to basics

Nato is paying too much attention to "high policy" and neglecting "bread and butter issues", such as defence budgets and industrial co-operation, according to the UK ambassador to the alliance, Sir John Goulden.

"Nato cannot live by high policy alone," he warned the Royal United Services Institute in London yesterday. He named Bosnia, the admission of new members from central and eastern Europe, and the forging of a "European identity" as topics which were "grabbing too much of Nato's attention", at the expense of less glamorous but longer-term problems.

Sir John listed five issues he felt needed more attention: shrinking defence budgets; inequality of effort between allies; reform of the Nato bureaucracy; co-operation on arms production; and "the debate about our long-term direction". On arms co-operation, Sir John pointed to the "huge disparity" between Europe and the US in the size of both their defence companies and their research programmes. *Edward Mortimer, London*

Clearing road for car claims

Legislation to help people make insurance claims after being involved in a car accident abroad is being drafted by the European Commission.

Under the existing Green Card system, which covers EU motorists travelling across borders, the French victim of an accident caused by an Italian driver in France is easily compensated. However, if the victim in the same accident is the Italian, it will take a long time and substantial paper work before he or she receives compensation.

The problem is that many insurance companies are not represented in other EU countries, forcing victims from other member states to take their claims back to the country of origin, where different languages and practices complicate what should be a straightforward procedure.

The new proposals are likely to oblige insurance companies to appoint an agent in all 14 other EU countries. Each member state would have to supply the relevant authorities in other member states with a list of those representatives. *Emma Tucker, Brussels*

French doctors call for strike

French doctors have threatened to stop work on October 17 and leave their telephones off the hook for one night next Thursday in protest at plans to cut medical spending to trim the losses of the state welfare system.

Three unions claiming to represent two thirds of the country's doctors called for the October 17 stoppage, which would coincide with a public sector strike against the government's austerity drive. The conservative government is trying to rein in soaring medical spending.

"This is a warning: we're being attacked from all sides and we're fed up," said Dr Dinorino Caberera, head of the Union of Independent Doctors. To avoid leaving patients unattended, calls to practitioners on night duty would be transferred to emergency services. *Reuter, Paris*

Turkish prison protest

More than 75 prisoners in two high-security prisons in Turkey's southeastern Erzurum province began an indefinite hunger strike in protest at conditions, the Anatolian news agency said yesterday. They are demanding the government fulfil commitments made in July after 12 leftwing prisoners starved themselves to death in a demand for better treatment and access to their families and lawyers.

Pro-Kurdish activists said members of the rebel Kurdistan Workers party (PKK), who five days ago began a limited hunger strike at Canakkale, have decided to continue the strike indefinitely. The reason is the death of PKK members during a riot in high-security Diyarbakir prison. *Reuter, Istanbul*

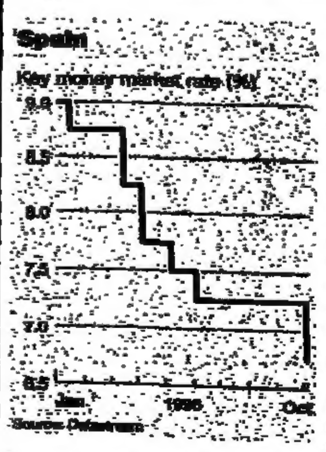
Russian miners end stoppage

Coalminers in northern Russia's Vorkuta region halted a strike yesterday after receiving some back wages, but union leaders warned of a nationwide stoppage unless all wages were paid, the Itar-Tass news agency reported. Miners ended the local strike, which began on Tuesday, after the authorities provided enough money to pay wages for May and part of June.

Union leaders are demanding President Boris Yeltsin make good election campaign promises this summer to make up unpaid wages and improve conditions. *AP, Moscow*

ECONOMIC WATCH

Spain cuts benchmark rate



The Bank of Spain gave its blessing yesterday to the centre-right government's draft budget, cutting its benchmark interest rate by half a point to 6.75 per cent. The move by the central bank at its regular securities repurchase tender was widely expected. It followed pressure from the government, which argued it had "done its job" by presenting a tight budget aimed at meeting the for the European single currency deficit target. The finance ministry said the lower rate should help stimulate economic growth and job creation, easing the burden of public debt-servicing charges. It described the change as "a reflection of market confidence in the combination of deregulation, budget and monetary policies". It was the sixth successive cut this year, and marks a two-point reduction in the rate since March. *David White, Madrid*

■ Danish unemployment fell to a seasonally-adjusted 8.9 per cent in August from a revised 9 per cent in July, Denmark's Central Statistics Bureau said. Unadjusted unemployment rose to 8.9 per cent (8.7 per cent in July).

■ Finland's trade surplus in June was FM5.82bn ($1.28bn), down from FM6.58bn a year earlier, the National Board of Customs said. June exports fell 7 per cent; imports fell 4 per cent.

Juppé wins over MPs' minds but not hearts

Rumours of an early election still rife, reports **David Buchan**

In a formal parliamentary sense, France's ruling centre-right coalition has given Mr Alain Juppé, the prime minister, its "confidence" but evidently not its heart.

Indeed, Wednesday's massive 464-100 vote in favour of the premier and his policies has done nothing to stamp out a rumour that President Jacques Chirac might call an early parliamentary election to end the impasse between the prime minister and his majority.

The rumour is probably false, but stems from the leadership of the UDF federation, which is the Gaullist premier's junior coalition partner. This week it told its troops to be ready for a snap poll.

The confidence vote, the size of which simply reflects the arithmetic of enormous conservative gains in the 1993 election, has not ended the preference of many backbenchers for criticising Mr Juppé's policies rather than to sell them to the electorate.

His predecessor, Mr Edouard Balladur, voted for Mr Juppé on Wednesday night but was out yesterday calling for the government to find "a new way" to implement its goals, "perhaps" by more tax cuts.

"Balladurians" among the RPR Gaullists and a larger number within the UDF have complained that Mr Juppé has ignored their views on economic policy, while bothering them with unwanted proposals on a new anti-racist law and reform of the electoral system.

French prime ministers, however, gain nothing if they win their parliament's confidence only to lose their president's support and thus their jobs. The problem is far worse, ironically, when president and premier are of the same political colour.

The Gaullist Mr Balladur had it easy under Socialist President François Mitterrand, as the latter had no option but to accept the personal choice of his political opponents because they held the majority. By contrast, Mr Chirac is in theory quite free to pick a successor to Mr Juppé.

So far there is no sign of the president abandoning Mr Juppé. Mr Chirac prizes loyalty, especially when reciprocated by Mr Juppé for 20 years.

But no French premier has ever lasted out a president's full seven-year term, and there will come a cold-blooded moment when Mr Juppé will be asked – at this rate he may even request it himself – to go.

If elections were held early, maybe next spring, it is likely Mr Juppé would still lead the centre-right into them. He would lose seats to the opposition Socialists and Communists, but on present trends still keep a majority.

That would be an interesting, if unusual, way for a French president to settle an impasse – changing the majority instead of the prime minister.

Date for arms agency is set

France and Germany intend to set up their planned joint arms agency on November 12 at a meeting of their defence ministers, with the UK and Italy possibly coming in as founder-members to give the agency a wider European dimension from the start, writes David Buchan.

Mr Jean-Yves Helmer, France's chief of defence procurement, said yesterday Paris and Bonn would go ahead with their initiative anyway, because of the part the agency will play in the review of Franco-German armaments programming that Chancellor Helmut Kohl and President Jacques Chirac want completed by the end of the year.

"But the UK and Italy have recently asked to join the agency, and we would like them in soon," Mr Helmer said. "We then hope the agency can formally become in 1997 an organ of the Western European Union defence organisation."

The UK has always resisted French calls for a "European preference" in arms-buying, similar to the Common Agricultural Policy in food. But Mr Helmer said the UK now seemed ready to give "priority to the European defence-industrial base", which would be a guiding principle of the new arms agency.

He indicated the UK had showed its good intentions by recently awarding a cruise missile contract to a Franco-British consortium over a rival US offer and by buying some Aérospatiale helicopters.

France believes the agency should first tackle new arms co-operation projects and only take over responsibility for existing programmes later. Effective membership of the new agency would be linked to participation in a new arms programme.

Britain hopes to gain its "entry ticket" by joining the Franco-German programme for a new armoured vehicle, which the three countries are now negotiating.

Mr Helmer conceded successive defence budget cuts by France and Germany had rocked the two countries' joint programmes, but claimed Paris and Bonn were now co-ordinating defence cuts and had reached accord on the Franco-German Tigre helicopter.

President's radio speech attempts to dispel worries about his physical and political health

Yeltsin insists he is still in charge

By John Thornhill in Moscow

Mr Boris Yeltsin, Russia's ailing president, yesterday told his countrymen it was too early to take his portrait off their walls, saying he was still playing an active role in running the country despite preparing for heart surgery.

In an attempt to dispel fears that his political star had waned, Mr Yeltsin made a six-minute speech on the radio insisting that he was following developments closely helped by a strengthened team in the government and presidential administration.

Speaking in a steady voice, the president also lashed out at those he accused of exploiting his illness to indulge in "petty intrigues".

But Mr Yeltsin, who is likely to continue to be confined to Moscow's Central Clinical Hospital for at least nine more weeks, conceded that preparations for his heart by-pass operation were consuming a lot of time. Presidential aides have suggested Mr Yeltsin can only work for up to three hours a day.

In a comparative burst of activity yesterday, Mr Yeltsin also met Mr Alexander Lebed, his national security adviser, for the first time since the former general concluded a peace agreement with the Chechen rebels. He praised his efforts to bring peace to the region.

On Wednesday, Mr Lebed had been booed by nationalists in parliament for "capitulating" to the Chechen separatists, thus raising doubts about Russia's commitment to the peace agreement.

"The most important thing is that bloodshed has been stopped. But it is too early to relax and feel comfortable," Mr Yeltsin said. Chechen rebel leaders visited Moscow yesterday to pursue further peace talks.

However, there appeared to be some dissension between the two Russian politicians over Mr Yeltsin's decision to appoint Mr Lebed's predecessor and rival, Mr Yuri Baturin, to review senior military appointments – a responsibility previously viewed as Mr Lebed's.

The presidential press service reported that Mr Lebed was unhappy with the decision but that the president had told him there were no grounds to raise the issue of resigning over the appointment. Mr Lebed's press officials denied he had offered to resign at all during the 28-minute meeting.

Brief television footage of the meeting also gave the impression of a somewhat frosty atmosphere between the two men, as each avoided the other's gaze.

Mr Yeltsin, who for days has met only his closest advisers, also met General Igor Rodionov, his defence minister, to discuss how to ease the growing tensions in the military, which has been demoralised by the conflict in Chechnya and delays in paying wages.

"I will follow this matter especially closely," Mr Yeltsin said. "Both officers and men should consider service to be honourable and prestigious, and we will make this a reality."

Russian gas giant looks two ways at once

Gazprom is trying to woo international investors at the same time as fending off huge tax claims, writes **John Thornhill**

Gazprom, Russia's giant gas monopoly locked in a ferocious dispute with the government over an outstanding tax bill of Rbs15,000bn ($2.8bn), faces a tricky presentational dilemma.

When it comes to haggling over its tax arrears, Gazprom pleads poverty, claiming it is short of cash and owed almost Rbs50,000bn by late-paying customers – including many government institutions.

But, next week, Gazprom will start an investor "road show" in London and New York in an attempt to raise up to $500m by selling up to 1.5 per cent of its equity to international fund managers. In these presentations it is more likely to emphasise its fabulous wealth-generating potential.

With a third of the world's proven gas reserves, Gazprom has a book value estimated at $68bn. If stock market investors were ever to attach the same value to those reserves as they do Exxon's, the company could be worth more than all the companies listed on the London stock exchange.

The two faces of Gazprom were on view this week. At a press conference for selected Russian journalists, Mr Rem Vyakhirev, Gazprom's chairman, berated the government for recent aggressive action against the company to recover outstanding tax.

Up until now Gazprom has seemingly been sheltered from paying its fair share of taxes thanks to its intimate links with the government. Mr Victor Chernomyrdin, the prime minister, is the former head of the company.

As soon as western media picked up the story, however, Gazprom immediately played down its significance. It explained that local tax authorities had imposed temporary liens over subsidiary company assets on three occasions to force them into settling their bills, but the sums of money were small.

The latest incident occurred last month when a regional tax authority in western Siberia imposed a lien on Rbs76.3bn of Urengoigazprom's assets in respect of overdue taxes. It is a common tactic for the tax police to freeze assets to scare companies into paying, but the disputes are normally settled in a matter of weeks.

There is no doubt, though, that the pressure is mounting on Gazprom to contribute more to the federal coffers in light of the government's higher-than-forecast budget deficit.

In conjunction with the International Monetary Fund, the government has drawn up a programme to raise Rbs40,000bn of extra revenue by the end of the year. Late-paying companies, such as Gazprom, top the government's list of potential targets.

Mr Yegor Gaidar, the former prime minister, says the government must pursue the 80 biggest corporate tax debtors more aggressively if it is to keep its budget deficit under control. If the government is signalling a more aggressive approach towards Gazprom, "it would be the best possible news".

Moreover, the international financial institutions suggest there is scope to raise far more tax from the energy sector, which forms the backbone of the economy. Mr Vladimir Konovolav, chief economist at the Moscow office of the World Bank, says: "There is a clear argument for the energy sector to contribute more to the budget. The onus must be on Gazprom to go after people who owe it money."

Gazprom

	1995 reported	1996 planned	1st half reported
Total gas output (cm bn)	559.5	579.9	291.4
Oil and condensate production ('000 t)	6,686.8	8,636.0	4,403.3
Resources (cm bn)	636.0	648.1	340.7
Gas exports	117.4	128.3	62.4
Total investment (Rbs bn)	22,931.5	22,000.0	12,137.2

Source: Petroleum Economist

Gazprom, though, is becoming increasingly vocal in its defence and is trying to press its case in parliament, arguing it does not want to cut off late-paying customers as winter approaches. Like almost all Russian companies, Gazprom is suffering from an acute short-term cash squeeze and has been unable to pay some of its workers for three months.

The government's ferocious anti-inflationary policy has resulted in some of the highest real interest rates in the world, encouraging banks and companies to sit on their money for as long as possible before settling their bills.

Gazprom has effectively been subsidising huge swathes of Russian industry, as well as many schools, hospitals and defence plants. As much as 68 per cent of its nominal revenue is in the form of barter trade.

Mrs Yevgenia Selikhova, a Gazprom adviser, says: "Gazprom believes that if the government gets involved in the resolution of the problem of delayed payments, this may expedite the settlement of Gazprom's tax liabilities."

The Russian government accepts the need for a radical overhaul of its tax regime and is developing a more rational tax code. More of the burden must be shifted on to individual Russians – despite the obvious political problems.

The fracas over Gazprom's tax bill is unlikely to derail next week's share offering. "This is a share issue which no serious investor in emerging markets can afford to ignore," says a director of one large western fund management group. "Provided they price it correctly it should be easily over-subscribed."

The Russian government will also welcome a successful share placement. Opening the company's shareholder base to foreign investors will inevitably raise demands for greater transparency.

Gazprom is already aiming to issue a fully audited income statement next summer. That will only make it easier for the government to levy an appropriate tax charge on the company.

NEWS: WORLD TRADE

Japan returns fire in photofilm war

By Frances Williams in Geneva

Japan yesterday turned the tables on the US in a bitterly contested dispute on the Japanese photofilm market by demanding its own consultations with Washington on anti-competitive practices in the US market.

The move coincided with Japan's tardy acceptance of consultations asked for in mid-June by the US on restrictive business practices in the Japanese market for film and photographic paper.

Also yesterday, Japan blocked Washington's first request for a World Trade Organisation panel investigation of alleged government restrictions in the Japanese photofilm market. Under WTO rules a panel must be set up at the second time of asking, due at the next meeting of the WTO's dispute settlement body (DSB) on October 16.

The US panel complaint, instigated by Eastman Kodak, argues that various measures introduced in Japan operate to keep imports out of the Japanese market and bolster the dominant position of Kodak's arch-rival Fuji. Tokyo denies all the allegations.

Mr Nobutoshi Akao, Japan's WTO ambassador, told yesterday's DSB meeting that Japan had never taken any government action with either the intention or the effect of excluding imports of photofilm from the Japanese market.

He accused Washington of "misrepresentation" of the measures under challenge, which include the law governing premiums (gifts accompanying sales) and guidance to retailers issued 25 years ago by Japan's ministry of trade and industry.

The request and counter-request for consultations on restrictive business practices have been made separately under an obscure 1960 decision by the WTO's predecessor, Gatt, and fall outside the WTO's formal dispute settlement mechanism.

Mr Akao yesterday denied US accusations of "tactical gamesmanship" in its own demand for consultations under the 1960 decision, arguing that the Japanese and American photofilm markets showed strong similarities. Kodak and Fuji each have a roughly 70 per cent share of their domestic market and 10 per cent in each other's market.

A third related complaint by the US brought to the WTO challenges the operation of Japan's Large Scale Retail Store Law, which regulates such matters as opening hours, floor space and holidays. The US claims the statute restricts the spread of big stores that are more likely to stock foreign goods.

● The WTO's appellate body has upheld a disputes panel ruling that Japan's liquor tax system discriminates against imports. The case was brought by the EU, Canada and the US.

If you make a deal, says the US, keep it

Washington is out to ensure compliance, writes Nancy Dunne


Eizenstat: compliance centre is his brainchild

Tucked away in an office at the US Commerce Department a dozen officials, soon to be double that number, are giving substance to the Clinton administration's commitment to a multilateral trade regime – and the US expectation that it should be one of the chief beneficiaries.

The same administration which made international trade promotion a crusade is now pouring time and resources into ensuring the enforcement of trade agreements. The new Trade Compliance Centre will monitor, investigate and evaluate foreign compliance with multilateral as well as bilateral trade agreements.

The centre is the brainchild of Mr Stuart Eizenstat, former US ambassador to the EU. Concerned about protectionist pressures from both the right and the left, Mr Eizenstat proposed the centre before leaving Brussels to take up his current job as commerce undersecretary for international trade.

It is, he says, necessary to demonstrate in "a physical, tangible way that when people agree to open markets, that will be followed through on and implemented".

The looming elections make tough enforcement even more a political necessity. Long-time supporters of liberalised trade have been retiring in droves. Judging by their successors in the current Congress the newcomers have little faith in the promise of free trade, which many see as costing jobs in their constituencies.

The focus on compliance is a logical evolution for an administration that came to office with a tough but "pro-trade" agenda. It completed negotiations on – then got Congress to approve – the North American Free Trade Agreement and the World Trade Organisation. At the same time, it pursued a relentless and controversial course of bilateral action, forcing reluctant governments to sign agreements to open various markets.

The Clinton administration has always been aggressive on enforcement, demanding new negotiations and threatening sanctions if officials believed deals had not been honoured. In 1994, for example, they concluded that Japan had not been complying with provisions in a 1989 agreement on cellular telephones. Two sets of consultations led in the end to impressive market gains for Motorola and other US companies. By last January, 50 per cent of the 8m cellular phone subscribers in Japan were using US technology.

Now, follow-up to trade deals will be systematic and intensive. The Trade Compliance Centre has embarked on a massive data collection effort – taking input from industry, business, labour, overseas missions – to be filed into a computerised data base and information retrieval system. The system organises the data, highlights compliance problems, conducts quantitative assessments and identifies options for response.

The intensified devotion to enforcement reflects US realisation that there is a world out there in which it might not always have its unilateral way. There is also in Washington a sense of trade conflict fatigue.

However, said Mr Doug Olin, deputy assistant Commerce secretary in charge of the compliance centre, "We have this global framework called the WTO, that is developing and evolving. We have to respond more aggressively and pro-actively to make sure the trade regime works and that governments are complying with their commitments.

"In the past it was the squeaky wheels that were able to get attention," Mr Olin said. "Now we will be looking at certain segments of our economy that are more important. Just because an industry is not yelling as much as others doesn't mean we can't investigate a problem and recommend solutions."

The US has already filed 18 cases with the World Trade Organisation – more than any other country – and has announced three more. Mr Eizenstat sees this as signalling US support for the multilateral system.

"We have been the champion of a rules-based system. But we're not just in this to win," he said. "Even though we may lose some, we'll win more. We want to make the system work."

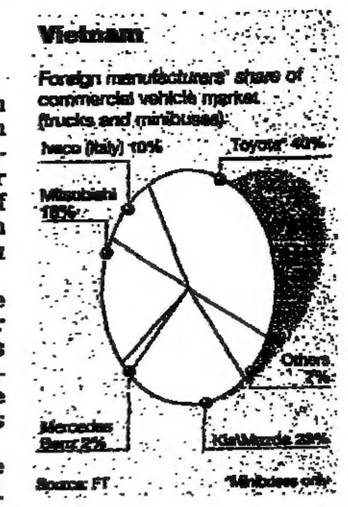
US CASES FILED AT THE WTO

Date filed	Against	Complaint
1995		
Apr 4	Korea	Farm imports inspection & testing
May 3	Korea	Measures on product shelf lives
Jul 7	Japan	Taxes on alcoholic beverages
Jul 19	EU	Grain import duties
Sep 28	EU	Banana import regime
Nov 17	Australia	Salmon import ban
1996		
Jan 27	EU	Hormone ban
Feb 5	EU	Banana complaint (refile)
Feb 9	Japan	Intellectual protection of recordings
Mar 11	Canada	Magazine import restrictions
Mar 27	Hungary	Agriculture export subsidies
Apr 30	Pakistan	Patent protection drugs and chemicals
Apr 30	Portugal	Patent protection
May 24	Korea	Farm imports inspection & testing
Jun 12	Turkey	Taxes on foreign film revenues
Jun 13	Japan	Measures in photo film market
Jun 13	Japan	Large scale retail store law
Jul 2	India	Patent protection
Aug 9	Brazil	Car trade policy
Announced:		
Oct 1	Indonesia	National car policy
Oct 1	Australia	Subsidised leather for car upholstery
Oct 1	Argentina	High duties textiles, clothing, footwear

Source: WTO

Waiting game for Vietnam car makers

By Jeremy Grant in Ho Chi Minh City



None of the 13 foreign vehicle makers in Vietnam sees any prospect of reasonable returns soon from their assembly plants – a result of fierce competition, sluggish demand and tough rules on local content.

Representatives at the country's largest ever motor show said demand for cars remained low, with few Vietnamese able to afford the transition from two wheels to four.

"It will take a long time [before the market matures]. Maybe 10 years. Some companies will eventually go bankrupt," said Mr Sung Boo Huh, director of marketing and sales at Vidamco, a joint venture between Daewoo of South Korea and a Hanoi-based company.

Yet, undeterred, Nissan of Japan is shortly to become the 14th licensed vehicle maker, bringing the total pledged by foreign companies to almost $1bn and adding to the competition.

The hurdles for all entrants are many. Roads are poor, and imports of second-hand cars are flooding the market. Low quotas on imports of complete-knock-down-kits have also been a worry but many manufacturers say the issue is irrelevant as demand is so low that any rise in quotas would have no effect on the competitive environment.

Some say the competition suits the government. Last year Hanoi opened the market to all, reversing an earlier policy to allow only four, carefully chosen strategic foreign manufacturers.

Under tough licensing rules, foreign joint venture assembly lines must ensure 30 per cent local content after 10 years.

There are signs now of plans being scaled back. Chrysler is having second thoughts about investing $192m in an assembly plant to make Jeep Cherokees and other models outside Ho Chi Minh City. Volvo of Sweden has put on hold plans for a bus joint venture in Hanoi after Daewoo of South Korea cornered the market recently with plans to make and sell 500 units to Hanoi's public transport authorities.

However, most large companies sense that the public relations fallout from quitting Vietnam outweighs the problems of waiting for the market to mature.

New plant to bolster VW position in Brazil

By Haig Simonian and Gracia Cardador

Volkswagen, Europe's biggest carmaker, is in advanced talks to invest more than DM1bn ($658m) on a new plant in Brazil, extending its lead as the country's biggest car manufacturer.

The plant, which should start production before the end of 1998, will build the new A3 model from VW's Audi executive cars subsidiary and the next generation VW Golf/Vento. Output could top 200,000 units a year, according to Mr José Ignacio López, VW's head of purchasing and production, who is also chairman of its Brazilian subsidiary.

The factory should strengthen VW's position as the leading carmaker in Brazil – one of the world's fastest growing markets. Since ending the Autolatina venture with Ford in 1995, VW has consolidated its lead. In the first eight months of this year it took about 38 per cent of the new car market.

The decision to build the upmarket Audi brand in Brazil alongside the established VW marque reflects the increasing sophistication of local buyers. Local production of the A3, which was launched in Europe in July, has been facilitated by the fact that it shares its basic engineering structure with the next Golf, due in September 1997.

The new plant will extend VW's "modular consortium" production concept from trucks to cars. VW is gaining experience with the new technique, entailing a closer involvement of component suppliers in vehicle assembly, at a new truck plant at Resende, near Rio de Janeiro. When it is fully operational, component suppliers will pre-assemble key parts at the plant and install them on vehicles, with VW largely restricting its role to quality control, sales, and marketing.

Like Resende, the new car plant is expected to be at a greenfield site, which would allow the company to choose workers not used to traditional car assembly methods. Potential conflicts with trade unions over demarcation issues because of the presence of component makers on the assembly line would also be avoided.

NEWS: THE AMERICAS

Instant Internet verdict on TV debates

By Louise Kehoe in San Francisco

The televised debate between President Bill Clinton and Mr Bob Dole on Sunday will provide a test not only of their presidential qualities but also of a system for polling opinion via the Internet.

While Mr Dole promises lower taxes and Mr Clinton trumpets his administration as a "bridge to the future", a "cyberpoll" will measure viewers' responses to the candidates' every word and gesture, second by second, throughout the three-debate series.

Full results will be available, also via the Internet, immediately after each debate. These will include a graph detailing minute by minute the audience response to each candidate.

The real-time, on-line polling service has been set up by Digital Equipment, a leading US computer company. The project marks the first live audience participation in the debates and the first Internet poll of this size.

Home computer users watching the live broadcast of the debate will have the opportunity to respond to the candidates' statements at any time by clicking buttons on their screens under the debaters' names: strongly approve, disapprove, and so on.

The technology to facilitate this instant audience reaction survey is complicated, as participants access the Internet at varying speeds and their digital messages pass via differing routes to Digital's computer system. "These were big challenges we had to overcome," said Mr Brian Reid, director of Digital's network systems laboratory.

The project demonstrates the potential use of the Internet to poll computer users instantly on any subject. It is expected to have broad commercial applications in market research as well as enabling other types of "interactive" TV events.

In the political arena, the Digital project, called InPulse, provides an extraordinary opportunity to measure voters' reactions on specific issues. At the end of the debates audience reaction will be synchronised with the transcripts. InPulse will also provide demographic analysis of the results.

Participants in the debate survey will be self selecting and not representative of the population as a whole. Nonetheless, the results are expected to influence the candidates in the run-up to next month's election.

People wanting to take part in the survey must register before the debates, (http://debates96.election.digital.com) and provide basic demographic information. They will not, however, be required to reveal identifying information.

An eye on the other Washington

Anne Counsell on why the politicians are looking towards the northwest

Home to Boeing, Microsoft, Starbucks Coffee and the lesser spotted owl, Washington state has attracted more political glare in recent years than might be expected of a far-flung outpost in the northwest corner of the US.

"Most of the time we're out of sight, out of mind," says Mr Paul Schell of the Port of Seattle commission, "but every now and then we come into the other Washington's focus." An election year tends to generate such focus and interest anyway, but there are several reasons why Washington DC is keeping a more than watchful eye on its namesake.

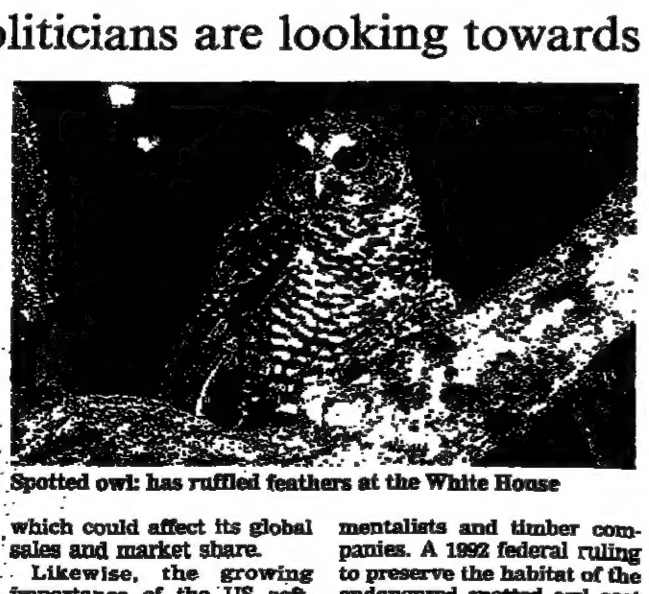
Primarily, this is because it has tended to mirror national sentiment. Long a Democratic stronghold, it moved towards the Republicans in the Reagan era, but started shifting back again first in 1988, when Mr Michael Dukakis scored a narrow win, and again in 1992 when Mr Bill Clinton took it comfortably. But the strong 24 per cent showing for Mr Ross Perot reflected national sympathies for his alternative political message.

Many Washington state issues resonate nationally. The environment, development of a high technology base, heavy industry and engineering, agriculture, fishing, lumber and trade – all with their attendant lobbying influence – come into play in domestic politics.

"People of both parties have to be very strong on trade for this state, too many jobs depend on it," says Mr Robert Randolph, special representative at the governors office and a former jogging partner of President Clinton.

Mr William Stafford of the Trade Development Alliance, a trade promotion group, agrees. "Republicans in the northwest are generally more pro-trade than elsewhere. They have to be." Bordering Canada and the Pacific, with strong links to markets in Japan, China and south-east Asia, the state of Washington is far less preoccupied with the machinations of trade politics, disputes and debates than Washington DC. What counts is the business of trade.

The fourth largest state in terms of exports, Washington has frequently flexed its trade muscle to get national, and increasingly international, attention. Boeing has used its not inconsiderable contribution to US exports to exert pressure, via the US government, on the EU over aircraft subsidies to the European Airbus consortium. It has also consistently had a voice and influence regarding US trade policies which could affect its global sales and market share.


Spotted owl: has ruffled feathers at the White House

Likewise, the growing importance of the US software and technology industries has been both a state and national factor. The Microsoft empire, which has its base in Redmond, Washington, has given rise to a "Silicon Forest" in the state with more than 1,900 companies generating four times the national growth rate in jobs.

Nintendo's computer game testing unit, Compuserve's Internet division and a host of multimedia companies are helping to write the US agenda on information technology.

Even the wildlife in Washington state is not without political clout. Almost every nesting season for the past four years, the spotted owl and the marbled murrulet have ruffled the feathers of the White House, environmentalists and timber companies. A 1992 federal ruling to preserve the habitat of the endangered spotted owl cost thousands of logging jobs in the northwest and precipitated a raging political and legal battle.

While the birds nested contentedly, the White House scrambled to craft the Northwest forest plan, a compromise to placate warring timber workers and environmentalists.

Then the marbled murrulet, a small, obscure seabird, flew in. Its particular nesting requirements opened a separate row over the national forests programme and threatened to unravel the 1993 plan. In a region the president needs to carry, and drawing on the lessons of the spotted owl experience, the Clinton administration and 15 timber companies last month struck a deal. Under the arrangement, several large tracts of old growth forests were granted protection and the companies will be allowed to log substitute groves less critical to the protected birds.

Appealing to the diverse and entrenched interests of the state is enough to give any seasoned politician a headache, even without the added complications of a bruising race for governor which has touched on almost every thorny issue of domestic politics. Washington's present governor, Mr Mike Lowry, was elected in 1992 on a liberal Democratic ticket and had his proposed tax increases and healthcare programme rolled back by the Republican legislature. His term was also clouded by allegations of sexual harassment which, although not upheld, have been damaging.

The gubernatorial race pitches a Democratic nominee, Mr Gary Locke, the son of Chinese immigrants and potentially the first Asian American governor on the mainland, against Ms Ellen Craswell, a Republican with a conservative Christian platform.

And at the presidential level, Washington, like the rest of the west, now seems solidly in Mr Clinton's camp, with the latest state poll giving him 44 per cent, Mr Bob Dole only 27 per cent and Mr Perot a meagre seven 7 per cent. Several of the Republican House seats won in 1994 may also be vulnerable.

Companies may leave California

By Louise Kehoe in San Francisco

Nearly half of Californian high-tech companies will consider leaving the state if Proposition 211, a ballot initiative broadening their exposure to shareholder lawsuits, is passed next month, according to an industry survey.

The ballot measure, which is heavily funded by trial lawyers and supported by various consumer and labour groups, would, in effect, nullify in California recent federal legislation intended to stem the flow of "frivolous" shareholder suits, if it is approved by California voters. Shareholders would be able to sue companies in state courts whenever share prices dropped sharply, opponents say. The proposition would also extend personal liability to company executives, non-executive directors, accountants, lawyers and other company advisers.

The survey of 320 publicly held high-tech companies in California was conducted by the American Electronics Association, a large industry trade group that has spearheaded opposition to Proposition 211. According to the AEA survey, 61,000 jobs are at risk if the proposition passes.

The AEA estimates that there were more than 896,000 high-tech jobs in California, as of June 1996.

AMERICAN NEWS DIGEST

Companies to form data link

IBM, Apple Computer, Hewlett-Packard and seven other companies have announced a data encryption alliance to develop systems to send information securely over the Internet and other international computer networks.

Other members of the alliance are Digital Equipment, Sun Microsystems, United Parcel Service of America, NCR Corp, Groupe Bull, RSA Data Security (which is now owned by Security Dynamics) and a little-known company called Trusted Information Systems.

The alliance said its members would develop high-level cryptographic "key-recovery" solutions, which use strings of computer codes that lock and unlock data.

On Tuesday the White House announced that it would ease its export regulations on encrypted software, provided that the software has a "key recovery" capability, to let law enforcement agencies unlock the scrambled messages with a court order. *Reuter, New York*

Black market jobs at 45%

Nearly half the workforce of greater Buenos Aires is employed illegally, receiving low wages and with no right to healthcare, accident insurance or severance pay, according to a study published yesterday by the Mora Y Araujo Noguera consultancy.

The study, which estimates that 45.1 per cent of jobs in Buenos Aires are on the black market, reports that illegal workers earn an average $485 a month, compared with the $997, plus benefits, earned by those in the formal sector.

President Carlos Menem, who will next week send to Congress radical reforms designed to make the labour market more flexible, blamed rigid labour norms for discouraging the legal hiring of workers. Nearly 5m Argentine workers were employed illegally, he said. Their tax evasion contributed to a tax shortfall of $20bn which, if collected, would double the total tax take.

David Pilling, Buenos Aires

Canada GM workers strike

Workers shut General Motors plants in Ontario and Quebec early yesterday after failing to win demands for protection against company reliance on cheaper, outside suppliers.

"We're on strike, our plants are down," said Mr Buzz Hargrove, president of the Canadian Auto Workers. He termed an 11th-hour GM offer on wages and benefits "an insult".

About 15,000 workers at GM plants in St Therese, Quebec, and Oshawa, Ontario, walked off the jobs at midnight on Wednesday. Work in St Catharines, Ontario, will continue until Sunday. Plants in other south-western Ontario communities – Windsor, London and Woodstock – will shut next Wednesday if no contract is reached.

AP, Toronto

Boost for Mexican plants

Mexico's maquiladora industry – plants that assemble imported goods and export finished products – employed 761,705 workers in July, up 19.7 per cent from 636,118 in July 1995, the government reported Wednesday.

Overall, maquiladora employment had risen 15.4 per cent in the first seven months of 1996 compared with the same period a year earlier, the government's National Statistics Institute said. Foreign assembly plants have helped to fuel Mexico's recovery from last year's recession.

AP, Mexico City

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Disappointed Palestinians fear violence will reignite as plans proceed for 'non-stop' peace talks

Israelis buoyed by summit stalemate

By Judy Dempsey in Jerusalem

The US was yesterday pressing ahead in preparations for Sunday's meeting between senior Israeli and Palestinian officials in a bid to get the Middle East peace process back on track.

However, it is unclear whether Mr Benjamin Netanyahu, the Israeli prime minister, and Mr Yassir Arafat, president of the Palestinian Authority, will attend or even open the first set of negotiations which, under the terms of the agreement forged in Washington on Wednesday night, are supposed to be continuous.

"Of course it would be psychologically important if he [Netanyahu] attended," an Israeli government official said. "But we have still many things to work out before Sunday. We can't make any presumptions about anything else."

The meeting, scheduled to take place at Erez, on the Israeli-Gaza border, will be attended by Mr Dennis Ross, the US special Middle East co-ordinator and one of the key officials responsible for bringing the Israelis and the Palestinians to Washington earlier this week.

Mr Netanyahu has been careful not to claim victory since arriving back in Israel yesterday although Mr Danny Naveh, the Israeli cabinet secretary, told Israel radio the results of the summit were a great success from the point of view of the government of Israel. Mr Moshe Fogel, the government spokesman, said Mr Netanyahu did not reward violence but committed himself to the peace process.

There was also a sense of victory in Mr Netanyahu's governing Likud party, particularly over the fact that nothing was said in the final summit statement about the controversial tunnel in the old city of Jerusalem whose opening last week sparked violent clashes between Israeli and Palestinian forces in the West Bank and Gaza.

Mr Arafat, who yesterday arrived in Morocco and was due to fly later to Paris, made no comment on the results of the summit either; nor could Palestinian officials confirm when he would be returning to either the West Bank or Gaza. However, senior Palestinian officials, most notably Mrs Hanan Ashrawi, minister of higher education in the Palestinian Authority, were deeply disappointed with the summit's outcome.

"They [the Israelis] are trying unilaterally to redefine the peace process according to their ideology. This is entirely unacceptable," she said. Mr Hassan Asfour, the Palestinian negotiator, said that Israel's approach was sufficient to reignite the process of confrontation – "and it will spill into the whole region".

Yesterday, Hamas, the Islamic Resistance Movement which was responsible for the wave of suicide bombings on Israeli civilians earlier this year, issued a statement from Beirut calling for Palestinians to head to "total confrontations" with Israeli forces and settlers after today's prayers. Mr Pinchas Wallerstein, a settler leader in Psagot, close to the West Bank town of Ramallah, said he was preparing for war because the Palestinians were disappointed with the summit.

Business struggles with fluctuating peace

Investors hold back as Israel veers between optimism and despondency, writes **Judy Dempsey**

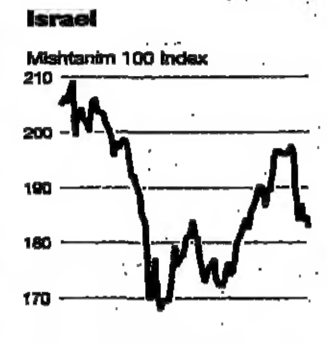
Mr Benjamin Gaon, chief executive of Koor Industries, Israel's largest holding company, has already decided what he will do in the coming weeks.

"I am going to meet Mr Yassir Arafat and his experts and try to help them build their economy," said Mr Gaon, who has spearheaded a move among Israeli companies to forge economic ties with the Palestinian self-ruled areas.

He is the first to admit the Israeli economy and investor confidence has been affected by fluctuations in the peace negotiations. But his determination to press ahead with meetings with the Palestinians, in spite of the recent upsurge of violence, reflects his belief that there is no turning back.

It was Mr Gaon and the business community which threw its weight behind the election campaign in May of Mr Shimon Peres, the former Labour prime minister, who was defeated by Mr Benjamin Netanyahu and the conservative Likud party.

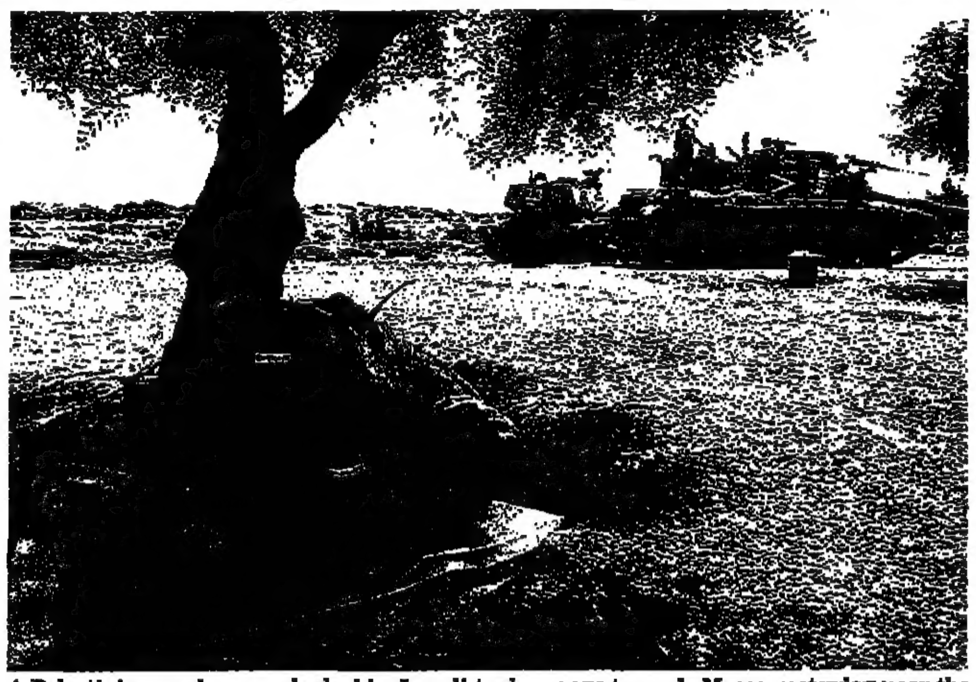
They believed Mr Peres' policies toward the peace process would not only advance prospects of a permanent settlement but would continue to open up the economy to foreign investment, already begun in 1993 when the peace process started.



Although Mr Gaon backed Mr Peres, he said he believed Mr Netanyahu was committed to the peace negotiations.

"You have to be optimistic. The peace process is irreversible. We have to proceed with the negotiations. That was the message from the US summit. There is no alternative."

His optimism, however, is not shared by other sections of the Israeli business community and traders on the Tel Aviv stock exchange. If anything, the pessimism is even deeper than a week ago because, they say, the US-sponsored summit between Mr Netanyahu and Mr Arafat, president of the Palestinian Authority, did not come up with any concrete proposals to put the peace process back on track. The fear of more instability has not abated.



A Palestinian worker, overlooked by Israeli tanks, prays towards Mecca yesterday near the border checkpoint with Jerusalem Reuter

That is a view held by Mr Alfred Akirov, manager of Al-Rov, Israel's fifth largest real estate company, which is developing a $300m hotel complex and shopping mall in Jerusalem.

"We are not optimistic at all," he said. "Why should we be?"

Tourism, which last year brought in revenues of $3.3bn, is one of the mainstays of the Israeli economy. But the tourism ministry, which earlier this week held an emergency meeting after the wave of violence on the West Bank and in Gaza and Jerusalem, said it expected to lose $200m in a spate of cancelled hotel reservations. This is in addition to lower tourism receipts following suicide bombings of Israeli civilians earlier this year.

Mr Amnon Azori feels the impact of these cancellations every day.

As manager of Traffic, a car rental company, he relies on clients, mostly tourists, from the big hotels in Jerusalem.

"I got one non-Israeli customer from the hotels over the past 10 days. On average, more than 60 per cent of my clients are foreigners. That has fallen to below 10 per cent. This is really bad."

The mood on the Tel Aviv stock exchange is no better. An analyst yesterday said he advised his foreign investors to sell if the summit did not produce concrete results, and fast.

The Mishtanim, the Tel Aviv exchange's index of 100 top stocks, fell 4 per cent last week during the height of the violence. At close of trading yesterday it had fallen a further 0.8 per cent.

"The market is waiting for news [about the effects of the summit]. Investors are waiting. What more can I say," an analyst from the Tel Aviv-based Batucha Securities and Investments said.

World Bank admits to weakness on environment

By Leyla Boulton, Environment Correspondent

The World Bank yesterday admitted that its methods for screening projects for environmental damage needed improvement. But it said that without the World Bank the environment would be even worse off.

An internal memorandum says environmental assessments carried out by countries seeking World Bank finance are often drawn up too late to influence projects.

They also tended to generate too much paperwork and not enough in the way of serious suggestions for more environment-friendly alternatives.

The World Bank started requiring countries to submit environmental assessments for proposed projects in 1989 after protests against damage caused by a number of Bank-funded development projects.

Mr Andrew Steer, director of the Bank's environment department, said: "The bad news is that we're still learning a lot and there are some things we don't do very well."

But as the Bank's annual meeting wound up in Washington yesterday, he said it had been instrumental in driving a "radical change for the better in the way the environment is factored into investment in general".

However, Friends of the Earth, the environmental pressure group, said the Bank was "better at environmental rhetoric than implementing safeguards for environmental protection".

It cited as examples of damaging World Bank projects the expansion of power plants in India and road maintenance in Cameroon.

It said the Cameroon scheme would increase the incentive for logging tropical rainforests, and coal-fired power stations at Singrauli, in central India, would aggravate global warming.

Mr Steer declined to give specific examples of problems, saying this would upset individual countries.

He said the Bank would strive to trigger the environmental assessment process before a country even began designing a project.

He said Bank loans were already playing an important role in helping countries build up the expertise and administrative machinery they needed successfully to incorporate environmental concerns into their economic decision-making.

The fact that countries such as Nepal and Vietnam were now factoring environmental costs into planning their economic strategies was a tangible result of World Bank help.

Mr Steer said the private sector had a significant role to play in helping developing nations protect their environment. "Smart, good companies are often ahead of the game on governments," he said.

This was the main message to emerge last week from a special Bank conference on environmentally sustainable development to raise environmental awareness among the participants at the Bank's annual meeting.

Mr Eduardo Martins, president of the Brazilian Institute for Environment and Renewable Resources, said the World Bank was the single most important external influence for securing environmental improvements in his country.

He said the Bank's work on environment had particularly improved since it began emphasising the importance of involving local authorities in projects.

Tanzania's egalitarian dream now nightmare of corruption

Nyerere's beliefs have shown a dogged capacity for survival, undermining transition to a free market, writes **Michela Wrong**

A short ferry trip from central Dar es Salaam lies Kivukoni college, where those destined to join Tanzania's ruling party elite once went through their socialist paces. The college is deserted now: rumour has it the institution may be turned into a hotel.

But if the building has been abandoned, the same cannot be said of the ideas it fostered. Former president Julius Nyerere's leftist beliefs have shown a dogged capacity for survival, undermining the country's modern-day commitment to a free market economy.

Despite President Benjamin Mkapa's acceptance of International Monetary Fund measures, locals say, many of his countrymen remain secretly loyal to the principles of nationalisation and state planning, nurturing a corresponding distaste for capitalism.

"We need to change our mentalities," says Mr Iddi Simba, a parliamentarian for the ruling Chama Cha Mapinduzi (CCM) party. "There's a civil service and a political leadership that doesn't know how to live with the private sector. Our major problem is our mindset."

The scars left by that mindset are not just psychological. Mr Nyerere's socialism suffocated enterprise, wrapped initiative in red tape and drove the country towards bankruptcy. Because a failing public sector could not provide employees with decent livelihoods, corruption flourished.

Once President Ali Hassan Mwinyi started liberalising in the 1980s, private enterprise took off. But the Asian-dominated business sector, finding its way blocked by bureaucracy, used its financial clout to sidestep the system.

By the time Mr Mkapa won elections last October, tax exemptions granted to private businesses by corrupt government officials were robbing the Treasury of so much money that bilateral donors and the International Monetary Fund had cut off aid in disgust.

Mr Mkapa's response was to name a new cabinet free of those associated with the worst abuses, appoint an anti-corruption commission, sack the heads of the parastatals and set up a revenue authority to oversee tax collection.

Confidence in Mr Mkapa himself, chosen for his "Mr Clean" reputation, is high among the donors and it looks likely that Tanzania will soon resume relations with the IMF, winning the $234m structural adjustment facility it needs if it is to do anything more than pay government salaries.

But outside the presiden-

tial circle, the old habits die hard.

Soon after the cabinet agreed to curtail the Treasury's powers to grant the controversial exemptions, it emerged that Professor Simon Mbilinyi, the new finance minister, had authorised just such exemptions for four edible oil importers.

A parliamentary committee is now calling for Mr Mbilinyi to be sacked. "Ten months on, we feel nothing has changed," says Mr Augustine Mrema, the former minister and anti-corruption campaigner, now with the opposition. "In fact, we feel things have got worse."

The anti-corruption commission is coming up with shocking revelations over the extent of high-level graft. "I haven't discovered an island of integrity so far," says Mr Joseph Warioba, the former premier heading it. "It has permeated every section of society."

But it remains unclear what action the government will take once its report, likely to implicate high-ranking CCM stalwarts capable of doing Mr Mkapa a great deal of damage, is completed.

> Former president Nyerere's leftist beliefs have shown a dogged capacity for survival, undermining the country's modern-day commitment to a free market

Cynics note that a previously-appointed anti-corruption bureau has failed to bring a single prominent individual to court.

With gold and gas deposits waiting to be exploited, plenty of fertile land available for leasing and a bevy of formerly state-owned farming ventures and enterprises now up for privatisation, Tanzania's potential is something foreign investors rave about. But tapping into it is not easy.

In its bid to create an "enabling environment" for business, Tanzania has set up a one-stop Investment Promotion Centre. But businessmen, who have dubbed it the "Investment Prevention Centre", say other ministries, particularly the Treasury, ignore its directives, turning it into just another bureaucratic hurdle to be surmounted.

"It's not a one-stop shop, it's an extra-stop shop," says Mr Robert Satchwell, who manages a venture capital fund. "It's a complete waste of time and should be abolished."

On the tax collection front, the business community has been bitterly disappointed by the government's refusal to eliminate the temptation to cheat by radically simplifying a system of Kafka-esque complexity.

One big South African investor pays 19 different taxes; a British manager estimates he pays up to 33; the tourism sector is subject to 17. Because so many businesses escape the net, those that obey the law are penalised extra heavily to fill the vacuum. In addition, the legislation keeps changing, keeping potential investors in a state of permanent uncertainty over costs.

"The tax sector needs to be given top priority," acknowledges Mr George Mbowe, head of the parastatal reform committee. "It needs to be reviewed very comprehensively. It is troubling us and it is troubling investors."

Mr Mbowe also laments the powerful "vested interests" – businesses which have struck lucrative contracts with parastatals now slated for privatisation – with ambivalent feelings towards the whole divestment process.

The fact that one community, at least, has no qualms about capitalism becomes clear during weekends, when Asian families gather at a bay on Dar Es Salaam's outskirts to watch the sun set. Hundreds of four-wheel drive vehicles attest to their worldly success. But as a Tanzanian professional ruefully remarks: "For us, it is still shameful and suspect to be rich."

Toshiba, an Agile Competitor: Creating Markets, not Just Responding to Them...

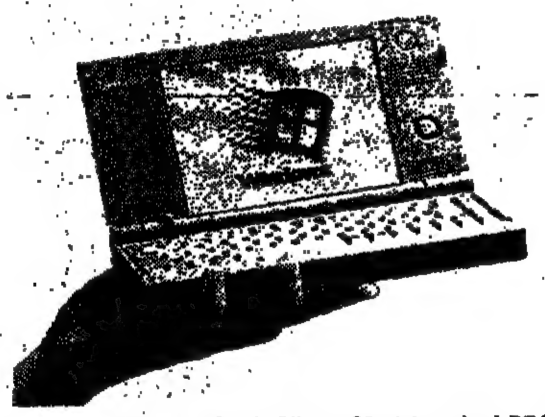
Mr.Taizo Nishimuro, *President and Chief Executive Officer, Toshiba Corporation*

Taizo Nishimuro took over the reins of Japanese electronics giant Toshiba Corporation at the end of June. In this conversation he reflects on the corporate commitment to multimedia and considers the kind of company he wants to see Toshiba become in the 21st century.

by Roger Williams

***Williams:** Your appointment as President and CEO came at a difficult time. The Japanese economy is only slowly recovering from recession, and high-tech companies like your own are facing intense competition. What do you see as the greatest challenges facing Toshiba today?*

Nishimuro: I think our first priority is to increase our overall competitiveness and efficiency. We must promote cost-effective manufacturing, drawing on our corporate strengths and powers of technological innovation to create products with high growth potential, and we must have the presence and logistics to compete in world markets. Our marketing operations must respond with all speed and sensitivity to user requirements. As you say, these are difficult times for the electronics industry, but success in meeting these challenges will position us to take full advantage of what I see as a very promising future.



Introduced in April 1996, the Libretto 20 mini-notebook PC for the Japanese market is the world's smallest and lightest PC running Microsoft's Windows 95.

***Williams:** So you are confident about the future?*

Nishimuro: Yes, and of Toshiba's role in it. As an integrated manufacturer of electrical and electronic products and systems, our expertise covers a wide range of businesses. We are also committed to making major contributions to the social infrastructure. Our electrical power generation and distribution technologies supply society's energy needs. Our transportation equipment and systems are bringing people together in faster and more comfortable ways. Consumer products will always be another important part of Toshiba's business. And then there are the critically important information and communications businesses. Here, I am thinking of the digital revolution that is opening up new possibilities and creating demand for new products and services.

Success best achieved not by responding to the market but by creating new markets.

***Williams:** What advantages does Toshiba have in this area?*

Nishimuro: Realizing these potentials will require the fusing of diverse capabilities in advanced components, computers and systems, telecommunications and visual technologies. This is the essence of multimedia. We have the required expertise in all these key areas, and I believe this makes us uniquely qualified to contribute to multimedia developments. Instead of just responding to the market or following others we can – and will – anticipate needs and create new markets. Two years ago, with this in mind, we launched the Advanced-I Group. It has already proved highly effective.

***Williams:** Can you elaborate on that?*

Nishimuro: Advanced-I gives Toshiba's multimedia business an inspiring vision of where we want to go. At the basic level, it promotes development and integration of our resources in information, communications and visual media. This is taking us into advanced products and systems and into new business areas in information services, software and other aspects of content provision. It also gives us an overarching corporate structure to allocate resources and create new businesses most effectively. Finally, Advanced-I promotes a boundaryless culture that encourages strategic alliances with other hardware and software companies.

***Williams:** Isn't this just another corporate committee? Another level of management?*

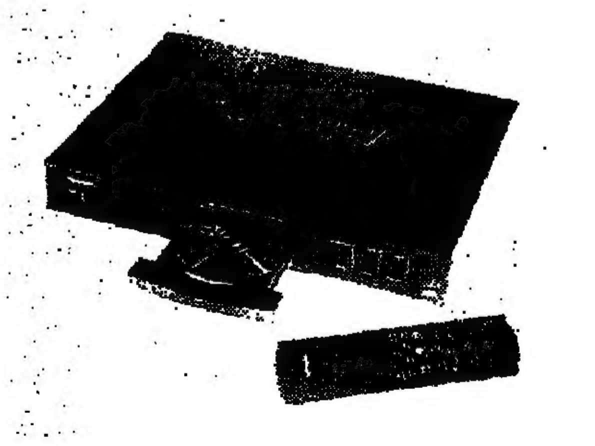
Nishimuro: No. The last thing we want to do is add to our bureaucracy. The key to long-term growth is the ability to stay ahead of the pack, and you only do that by moving fast and having a responsive business structure. Toshiba must be an agile company that embraces change, and Advanced-I is fostering this approach throughout the company.

Advanced-I is unique in having the power and the funds, equivalent to 0.5% of the company's total sales, to focus corporate resources and advance multimedia development: it identifies market and technology needs, and promotes and coordinates development work across divisional boundaries.

A unique, well-funded coordinating body that enhances corporate agility.

***Williams:** And what have been the results?*

Nishimuro: They are evident in a number of Advanced-I's projects. The most prominent achievement so far is DVD, the next-generation optical disc technology. Toshiba pioneered the basic technology and took the lead in establishing a single, global DVD standard in cooperation with Time Warner and other companies. I believe Toshiba is best positioned to take advantage of every possible application of DVD. We are determined to offer a wide range of DVD products and systems, including video players, computer ROM drives and personal computers with integrated DVD. The company is also committed to businesses involving new systems, such as video streamers for video-on-demand systems. Many other applications will follow. I have no doubt that DVD will very quickly become an indispensable component of the multimedia era.



One of many DVD applications. DVD-Video brings movie-theatre quality pictures and sounds to the home (Prototype of U.S.model).

DVD an integral, indispensable multimedia technology.

***Williams:** What about components? Toshiba is known as one of the world's leading manufacturers of electronic components...*

Nishimuro: One of the most promising is the solid-state floppy-disk card, a super-small memory card based on Toshiba's proprietary NAND flash memory. It's less than half the size of a credit card, but current versions have a two-megabyte capacity, enough to store 40 digital photographs. It's ideal for portable information terminals and other multimedia products like digital still cameras, digital recorders, personal digital assistants and game machines. Another use will be in private digital libraries for images, audio data and text – the photo album or scrap-book of the future.

***Williams:** You mentioned the alliance with Time Warner. How important is this in your multimedia strategy?*

Alliances play a vital role in multimedia strategy.

Nishimuro: Very important indeed. Not least because it is taking us into key emerging areas, such as infrastructure and information services. For instance, we are working with Time Warner Cable in San Diego on large-scale projects to use cable television lines to give subscribers access to high-speed on-line services, including the Internet. This is giving us invaluable experience that we can bring to the development of next-generation full-service networks.

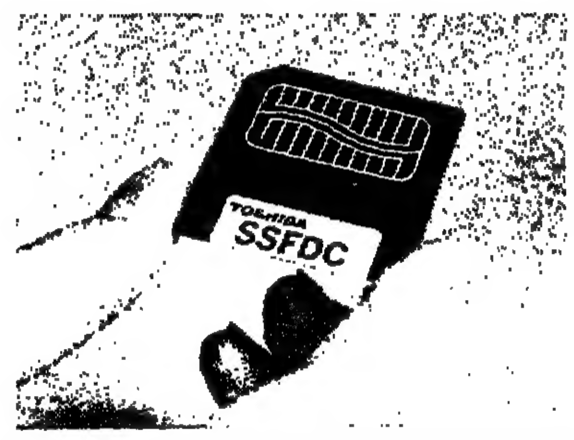
We are working towards that in Japan, too, through our partnership in Time Warner Entertainment Japan and its subsidiary TITUS Communications. TITUS launched cable TV operations in suburban Tokyo in late 1995, and is extending its service coverage. The eventual goal is to become a full-service cable provider, supplying customers nationwide with telephone, Internet, interactive TV and other services.

***Williams:** You have mentioned information services, and said you see a bigger role there for Toshiba. Can you be more specific?*

Multimedia products will change mankind's experience of daily life.

Nishimuro: Multimedia is an incredibly fertile area. New generations of products are increasingly using state-of-the-art digital and computer technologies with sophisticated communications capabilities. These advanced products make possible equally sophisticated services, a most promising growth area.

To take an example, in Japan we recently established NewsWatch, a joint venture with Individual, Inc. of the U.S. and Mitsui & Co., Ltd. This is a customised news retrieval service that uses key-word filtering and artificial intelligence technology to scan major newspapers and magazines published in Japan. It selects information the individual subscribers are interested in and downloads it directly to their computers. This kind of service has only become possible in the last few years.



The Solid-State Floppy-Disk Card (SSFDC), a convenient digital data storage medium.

***Williams:** This commitment to multimedia will obviously change Toshiba. When you look to the 21st century, what kind of Toshiba do you see?*

Nishimuro: Perhaps the only thing we can say about the future with any certainty is that it will be a time of rapid and constant social and technological change and intensifying global competition. Toshiba must become an even more dynamic, agile company, one that embraces change and fosters growth.

Agile companies show speed and flexibility in all their business activities. They respond to customers' needs more quickly, bring new products to market faster, and modify business plans and operations more flexibly. The record of Advanced-I shows that we are well on our way to becoming just that kind of company.

A company that values its people and provides an environment where all employees can develop their full potential.

All this will, of course, have to be done within a boundaryless organisation. Only a boundaryless organisation can encourage the flow of essential information, ideas, resources and talents, both within itself and among its business partners, suppliers and customers. That means doing away with vertical boundaries to create a flatter, slimmer organisation with fewer layers of management. It also means getting rid of horizontal boundaries – the walls between departments, sections or divisions.

***Williams:** Any final observation?*

Nishimuro: I want Toshiba to be a company that welcomes continuous change and growing diversity as the basis of its business. To maintain the needed flexibility and responsiveness, we must value our people and provide an environment where all employees can develop their full potential. Only success in this will ensure that we meet the new century with the necessary confidence and vision.

In Touch with Tomorrow

TOSHIBA

Taiwan, Japan in talks on islands row

By Laura Tyson in Taipei

Taiwan and Japan will hold talks over the disputed Diaoyu islands today in Tokyo in an effort to defuse an escalating row over the islands' sovereignty.

Against a backdrop of deepening anti-Japanese sentiment in Hong Kong and Taiwan, the talks will centre on fishing rights for Taiwanese fishermen who rely on the waters around the Diaoyu islands, known as the Senkakus in Japanese, for their livelihood.

Unlike many other countries in Asia, Taiwan has historically had warm cultural ties with Japan.

Taipei has historically had warm cultural ties with Tokyo

Activists from Taiwan and Hong Kong announced plans for another landing on Sunday after having been repulsed several times by Japanese patrol boats.

Rightwing Japanese triggered an angry and increasingly nationalistic backlash from Hong Kong, Taipei and overseas Chinese communities after raising Japan's flag and building a lighthouse on the islands in July. One Hong Kong resident has died in protests off the islands.

Widening the rift, Mr Ryutaro Hashimoto, Japan's prime minister, reasserted Japan's sovereignty claim to the islands this week ahead of elections in Japan.

The two governments, which do not maintain diplomatic relations, will be represented in the talks by Mr Chuang Ming-yao, Taipei's top representative in Tokyo, and Mr Harunori Kaya, chairman of the Japan Interchange Association, which operates Tokyo's unofficial diplomatic office in Taipei.

The dispute has rekindled Taiwan's annoyance at not being accorded diplomatic treatment for its representatives in Tokyo. Taipei has threatened to rescind such privileges now enjoyed by Japan's representatives in Taiwan unless reciprocal treatment is granted.

The agenda for the talks was not revealed but Taiwan's foreign ministry said discussions would also touch on the more sensitive issue of sovereignty over the uninhabited island archipelago, which is believed to harbour untapped petroleum reserves in addition to its rich fishing resources.

The meetings will be the second round of bilateral talks since the long-simmering dispute erupted in July.

Taiwan fishermen complain that Japanese patrol boats barred them from fishing near the islands.

Oil groups sued over Burma gas

By Ted Bardacke in Bangkok

A lawsuit against Total of France, Unocal of the US and Burma's military junta was filed yesterday in US federal court claiming that Burmese troops, acting as security agents for the international oil companies, have used forced labour to protect a $1.2bn natural gas pipeline under construction in Burma.

The lawsuit, unlike a separate one filed solely against Unocal in September, is based on testimony obtained secretly inside Burma from villagers living and working in the pipeline area. The 15 plaintiffs allege that Burmese troops charged with guarding Total and Unocal employees in the area have committed murder, rape, confiscated land and wages, and forced people to work as "pipeline porters" to support the troops.

Lawyers for the plaintiffs say that damages could run into "millions of dollars" but admit that it will take at least two years for US courts to decide whether they have jurisdiction in the case.

Nevertheless, the lawsuit is part of a growing attack on western companies operating in Burma, an offensive for which the natural gas pipeline, Burma's largest and potentially most lucrative foreign investment project, has become a rallying point. In July a leading Danish pension fund sold a $10.45m holding in Total fearing repercussions from its participation in the project.

The lawsuit also follows a trend of human rights groups using the 19th century Alien Tort Claims Act to sue multinational companies in US courts for actions outside the US which violate international law.

In a statement yesterday, Unocal said the charges of forced labour and land confiscation were unfounded. Everyone who worked on the pipeline project had asked for a job and all workers had been paid above-average wages directly by the project operators, Total.

Yet the crux of the suit argues something different. It alleges that when Unocal and Total agreed to let Burmese troops, whose systematic use of forced labour is well-documented, guard the pipeline area, they should have known human rights violations would occur and are therefore responsible for them.

In the past the companies have told US congressmen that they are attempting to mitigate this problem by providing salaries to those who have been forced to work for the military in the pipeline area. A Unocal spokesperson said only that the companies gave no money directly to the military.

At least two plaintiffs claim they were forced to serve as "pipeline porters" without pay and that even those who are paid are forced to work. Others allege that payment received from Total for portering was later confiscated by soldiers.

Malaysia launches motorcycle project

By James Kynge in Gurun, northern Malaysia

Malaysia yesterday launched a national motorcycle project, the latest in a line of prestige ventures keenly supported by the prime minister, Dr Mahathir Mohamad.

The Modenas motorcycle, a 110cc model with a four-stroke engine, is being produced at a M$300m ($120m) plant in the northern state of Kedah, birthplace of Dr Mahathir.

DRB-Hicom, a Malaysian conglomerate, hopes the cycle will reverse the dominance of Japanese companies in the domestic market and capture a significant share in other Asian markets such as China, Vietnam and Cambodia.

As a national project firmly backed by Dr Mahathir, the project will be given every chance to succeed. The government has already taken a 15 per cent stake in the venture through its holding company, Khazanah; officials are likely to spare little effort to ensure the venture has plentiful financing and easy access to parts.

But unlike the Proton, which dominates the domestic car market, sales will not be protected by import tariffs, which can be as high as 200 per cent for some cars. Tariffs on motorcycle imports are low.

Mr Yahaya Ahmad, who as head of Hicom is also responsible for manufacturing the Proton, said he expected the national motorcycle to capture 30 per cent of the domestic market in its first year by selling 100,000 units. In the second year, he expects to sell 200,000 units and in the third, 350,000.

If successful, Modenas will make large inroads into the market share of Honda, Yamaha and Suzuki, which sold all but about 11,000 of a total of 315,000 motorcycles in Malaysia last year.

Mr Yahaya said he was relying on competitive pricing, the bike's attractive design and nationalism to make the Modenas a winner.

One uncertainty clouding the project is the speed at which Modenas' Japanese partner, Kawasaki Heavy Industry, will transfer technology. Mr Yahaya said the bike was 70 per cent made from local parts, to rise to 95 per cent within two years as Kawasaki transfers its know-how and technology.

Industry analysts said that Kawasaki, with a 19 per cent stake in Modenas, might come to regard Modenas as competition for its sales elsewhere in the region. Kawasaki already has a controlling stake in an Indonesian motorcycle factory and a joint venture in Thailand.

A Kawasaki executive said the company planned to transfer technology but only as fast as the Malaysians were able to absorb it. Kawasaki regards the Indonesian market as the most promising in the region, with forecast annual demand of 2m units by 2000.

Manila warns of fines on telecoms groups

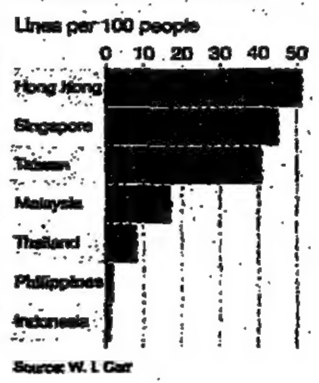
By Edward Luce in Manila

The Philippine government yesterday warned it would impose heavy fines on local telecoms companies and possibly revoke their licences if they continued to fall short of their obligations in the recently liberalised market.

The warning comes two years after the Philippine telecoms market was opened up to domestic and foreign competition.

Telephones in Asia

Lines per 100 people



Source: W. I. Carr

It follows news that companies have installed less than half the number of fixed telephone lines they pledged to lay in exchange for their operating permits.

Under the regulations, the eight new players, including joint ventures with foreign companies such as Singapore Telecom and Cable & Wireless of the UK, are required to install up to 700,000 landlines apiece.

This is in exchange for permission to operate in the lucrative mobile phone and international telephone markets.

Companies such as Smart Communications, which is 40 per cent owned by NTT of Japan, which have both mobile and international gateway licences, are required to lay 700,000 landlines by 1998. Others with only a mobile phone licence must install 400,000 by 1998.

The government, which estimates that only 20 per cent of the 4m pledged lines have been put in place as opposed to the 50 per cent required by this stage, says it will publish clear guidelines specifying new deadlines.

Companies which fail to meet these deadlines could lose their right to operate in the Philippines. The government has also threatened to confiscate performance bonds which were posted in exchange for the licences.

Some of the companies, however, have complained that the former state-owned monopoly, the Philippine Long Distance Telephone company (PLDT), has obstructed the new players by failing to provide interconnection facilities for the new lines. In the absence of an alternative telephone "backbone", this forces them to repay disappointed customers.

"The government is being a little unfair," said one foreign analyst. "PLDT still has various monopoly advantages which it can use to frustrate the competition."

Under the liberalisation scheme, which has won plaudits overseas for encouraging the private sector to fulfil traditional state obligations, the Philippine government hopes dramatically to improve the country's low "teledensity" – the number of phone lines per 100 people.

At 2.1 per cent, the Philippines has one of the lowest teledensities in the region, a shortfall which government economists say has held back economic growth.

Under the scheme, teledensity is set to rise to about 8 per cent by the end of the decade – about the levels enjoyed in other parts of south-east Asia.

ASIA-PACIFIC NEWS DIGEST

UK 'sabotaged HK poll talks'

China yesterday accused Britain of undermining prospects for a smooth transfer of sovereignty for Hong Kong next year and confirmed it would proceed with plans to replace the territory's elected legislature. "The British side should be well aware of who is responsible for the failure of the through train arrangement," said the Chinese foreign ministry, referring to failure to agree on electoral rules for a legislature to span the July handover. "This arrangement will not be realised because of sabotage by the British side," a spokesman said, responding to a speech by Mr Chris Patten (pictured left) on Wednesday in which the Hong Kong governor warned China against replacing the Legislative Council.

Mr Patten dismissed claims by Beijing and pro-China newspapers that he was trying to stir up a new political row. "It is not the British government or the Hong Kong government that is being provocative," he said. "It is those who are proposing a provisional legislature before next June which is totally unnecessary." The Hong Kong governor said Britain would mobilise international support if China failed to honour promises to maintain Hong Kong's autonomy.

"The whole international community will be watching what happens here," he said. *John Ridding, Hong Kong*

EU N-funds for N Korea

The European Union has agreed to subscribe Ecu15m ($18.9m) annually in over the next five years to the Korean Peninsula Energy Development Organisation, the consortium which is supplying safe nuclear energy to North Korea.

The funds, which come on top of an Ecu5m contribution earlier this year, will help enable Kedo to meet its commitment to supply North Korea with heavy fuel oil while the new nuclear reactors are being built. Last month Mr Stephen Bosworth, Kedo executive director, said such a sustained contribution from Europe would go a long way towards solving the organisation's financial problems.

The total cost of the project to supply North Korea with light water nuclear reactors is estimated at some $5bn, though the bulk of the cost is to be borne by South Korea and Japan. Kedo has been scrambling to find outside contributions to fund the $60m a year in heavy oil supplies to which it is also committed.

The EU's contribution will mean it becomes a member of Kedo with a seat on the organisation's board. Germany had earlier expressed concerns about the nuclear liability which might accrue to its companies if Europe were to join. *Peter Montagnon, Asia Editor, London*

Mitsubishi in Thai power deal

Japan's Mitsubishi has won the bidding to build the last big power plant to be commissioned by Thailand's state-owned electricity generating authority (Egat), Thai officials confirmed yesterday to local newspapers. Thailand's future power requirements would be provided by independent power producers as part of the government's deregulation of the sector. Egat officials said Mitsubishi's offer of Bt12bn ($472m) to build the thermal power plant would be forwarded to the authority's board for final approval later this month. Marubeni, another Japanese conglomerate, came second with a bid of Bt13bn.

The plant, to be located in Ratchaburi province southwest of Bangkok, will be Egat's largest power generation plant with total capacity of 4,600 MW. The project is expected to cost Bt36bn. *AP-DJ, Bangkok*

Vietnam's economy in a political trap

Economists are saying the leadership needs to take some tough decisions, writes Jeremy Grant

It has been an awkward fortnight for Vietnamese policymakers.

First, an outcry from Vietnam's newly rich landlords and a rival ministry provoked a climbdown by the finance ministry after it proposed doubling the tax on rents to foreigners.

Then, last weekend, the head of the central bank hinted at an imminent devaluation of the local currency, raising doubts about Vietnam's grip on exchange rate policy. Speculation about an appropriate rate for the dong has not subsided.

The two events point to a serious challenge: how the communist leadership should respond to a rising tide of poor macro-economic indicators that have punctured the image of Vietnam as one of South-east Asia's potential "tiger" economies.

On Monday Mr Le Xuan Trinh, government office chief, said Vietnam was on track to meet most of its economic targets this year, including gross domestic product growth of 9.5 per cent and inflation at between 6 and 7 per cent, down from 12.7 per cent last year.

However a persistent decline in consumer prices in the four months to September has led to fears that the economic growth rate may be slowing from the average 8.5 per cent of the last three years.

Mr Trinh said exports should be "speeded up" to deal with a trade deficit that stood at a record $3.25bn in the first eight months of this year, compared with $2.3bn for the whole of 1995.

The deteriorating economic performance also raises questions about whether the bureaucracy, stifled by consensus decision-making and plagued by patronage and inter-ministerial rivalries, is equipped to deal with the next, and arguably more important, stage in Vietnam's 10-year-old economic reform process.

"There's a need for leadership to take some tough decisions over the next 12 months," said Mr Roy Morey, resident representative for the United Nations Development Programme, which produces a wide-ranging assessment of the country's reform process next month. "Vietnam has reached another crossroads where a number of structural reforms need urgently to be implemented if its development process and poverty reduction are to be sustained beyond the next five years."

Without radical measures, some economists say, Vietnam risks losing the race to catch up with its south-east Asian rivals, an aim that topped the party's agenda when it convened a landmark congress three months ago.

Economists fear that constant carping between competing ministries, often with overlapping policy responsibilities, could kill policy initiatives. Rising corruption is also playing a part in distracting officials from the business of government just as some of the figures are starting to turn bad.

"There is a market economy here. What Vietnam has to do is manage it," said one foreign economist.

For some economists, debt is Vietnam's biggest macroeconomic problem. Hanoi has yet to agree a final package to settle $900m of commercial arrears with its London Club creditors, is lumbered with a historical debt of a nominal Rbs10.5bn owed to Moscow and is paying out about $500m a year to service other debt.

"The issue is that they're not channelling FDI [foreign direct investment] into export-oriented industries. That reinforces the medium-to-long-term debt picture," said another foreign economist.

A further barrier to reform is the Communist party's insistence on maintaining dominance of the state sector through privileged access to credit and import/export licences.

Some Vietnamese economists are starting to acknowledge that deep-rooted changes are needed. They sense Vietnam's vulnerability to competitors in the region once it has met tariff reduction obligations under the Asean Free Trade Area (AFTA).

"There will be some unavoidable changes to the trade and economic structure of Vietnam," said Mr Le Dang Doanh, a government economist, recently.

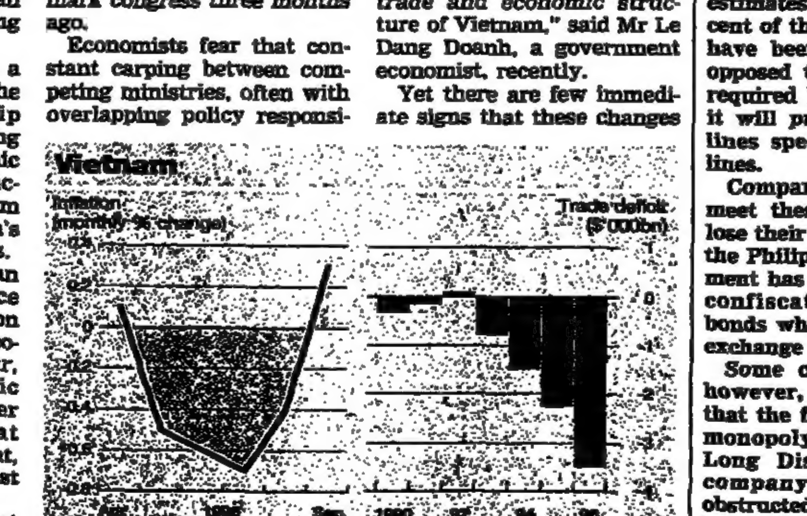
Yet there are few immediate signs that these changes will be made. One opportunity comes when the legislative National Assembly meets in two weeks. It is expected to approve changes to the foreign investment law and debate the economy.

But analysts say the assembly is unlikely to move the process forward, as the session will be preoccupied with approving high-level reshuffles at a handful of key ministries, including the finance ministry and the ministry for planning and investment.

Many observers see this as an unwelcome reminder of the months preceding the Communist party congress in late June, which saw decision-making paralysed as the leadership grappled with power struggles among various party factions.

The fact that the country's top three Communist officials ended up retaining power indicates that the leadership question is still unresolved. And that makes bold action on reform even less likely.

Vietnam



Retailer urges clothing industry probe

By Jenny Luesby and William Lewis in London

The British government's Department of Trade and Industry said yesterday that it was not prepared to increase regulation of the clothing industry, but was prepared to study proposals from retailers.

It was commenting on a call from C&A, the privately-owned Dutch retail group, for the UK government to take a more active role in enforcing regulation of the sector. C&A urged the formation of a national forum of retailers, manufacturers, municipal authorities and the government to improve working conditions in the industry.

The department said it would not be prepared to step up its regulation of the sector, but "if they [C&A] were to put something to us, we would look at it." The department added: "The companies seem to want to do something about it," but "it is a commercial decision for companies as to what suppliers they use."

In contrast the Health and Safety Executive yesterday said it would be willing to take part in such a forum.

C&A's call for a national forum came after the Financial Times published the results of a two month investigation into the pay and conditions of staff at clothing manufacturers based in Birmingham.

The FT found that several big retailers are using UK-based clothing suppliers which pay their staff as little as £1.50 ($2.35) an hour to work long shifts in often squalid conditions.

Other retailers said yesterday that they were still examining whether the suppliers named were breaching codes of practice which detail minimum levels of pay and conditions for supplier companies.

C&A said that it was willing "to take the lead" in attempts to eradicate the poor working conditions in the sector, but it could not do it alone. "We can be judge and jury, but we cannot be the police as well," the group said.

Mr Philip Purkiss, principal officer in the team responsible for the HSE's national clothing industry strategy, said the forum proposed by C&A would provide a chance "to say what we are doing, and see what more we could do."

However, the HSE was acting under some constraints. "In terms of vastly increasing our inspections, we have to order our priorities".

"One of the problems is the long hours, but the government has basically revoked all the restrictions on working hours, except for young people working at night," he said. "There is now very little legislation on hours of work, so we cannot deal with that."

Chickens give power station its energy

Italians, Germans and French want to build 'green' plants

Medieval alchemists dreamed of turning base metal into gold. Mr Simon Fraser had a more prosaic ambition but one that turned out to be infinitely more profitable. He turns chicken dung into electric power.

Mr Fraser's family company, Fibro Holdings, has been proving that green solutions to the electric power needs of communities are profitably possible.

"No one anywhere in the world has built an animal dung powered power station on the scale which we have achieved," says Mr Rupert Fraser, son of Simon and managing director of Fibrowatt, a subsidiary of Fibro Holdings.

Municipal authorities in Germany, Italy, and France want him to build similar plants in their localities. In a combustible form, chicken dung has half the calorific value of coal and its residue produces a fertiliser rich in potash and phosphate but nitrogen-free.

Having raised £116.5m ($182m) for three power plants in England, Fibro Holdings is hoping to raise another £150m to spearhead its expansion into Italy where three projects are at an advanced planning stage.

The company has already signed contracts with 800 chicken farmers in Italy to supply chicken waste to its projects there. The first two plants will be built in Venice and Verona and have an output of 12.5MW and 35MW respectively. A third is planned for Forli, in Emilia Romagna.

"In Italy, as elsewhere, agricultural waste is even more of a problem than industrial waste," says Mr Rupert Fraser. "It's turning the lagoon of Venice green."

He says the company is in discussion with the authorities in Lower Saxony, Germany, to construct a 20MW plant. In Brittany, where most of the chicken rearing in France takes place, the local chicken industry is straining under environmental requirements and is keen to see Fibro Holdings set up.

But unlike Britain, Italy and Germany, France offers no subsidy to renewable energy producers. In the UK, Fibro Holdings has won three government grants that have subsidised its local plants.

The subsidy covers the difference between the wholesale price of electricity and the price at which the beneficiaries of the subsidy can produce it.

Colin Beere

Eye power station uses the dung of 12.5m chickens to try to achieve its designed output

This has been done under the "non-fossil fuel obligation" – a fossil fuel levy that was imposed upon household users of electricity when the electricity industry was privatised in 1989. About 70 per cent of the money raised was channelled primarily to nuclear power and the remainder to subsidising renewable energy.

"The challenge was to build the first power station so that it is robust enough financially and operationally to cope with unexpected variations from its specifications," says Mr Fraser.

"The power plant at Eye [near the east coast of England] was designed for using fuel with a moisture content of 28 per cent, plus or minus 5 per cent. The actual moisture content is 39 per cent plus or minus 10 per cent."

Mr Fraser says it is a tribute to the robustness of Eye – which consumes the dung of 12.5m chickens – that it works as well as it does.

The Eye plant achieves between 85 per cent and 95 per cent of its design output. "It's not brilliant, but it's acceptable," says Mr Fraser. But a second power station at Glanford in eastern England achieves percentages in the mid-90s.

Simon Holberton

Share price gap 'will narrow'

By John Gapper, Banking Editor

The gap between bid and offer prices for large company shares will narrow significantly when trading method reforms to are introduced in the City of next year, directors of the London Stock Exchange predicted yesterday.

Mr Giles Vardey, the exchange's director of marketing, said he expected the "bid-offer spread" for shares in the FTSE 100 to narrow by at least a quarter when order-driven trading on electronic screens begins. Mr Vardey said that the average spread for FTSE shares was about 0.7 per cent at the moment. Order-driven trading – which will replace the marketmaking system – could reduce the spread by at least 0.2 percentage points.

The exchange's directors, commenting on detailed proposals for order-driven trading published yesterday, said they would improve trading efficiency and allow traders to see the true market price of shares faster and more accurately.

Under the marketmaking system, 28 firms undertake to quote constant bid and offer prices on screens. Investors wanting to buy or sell shares must telephone marketmakers, and ask them to quote a price.

In practice, most big trades are executed within the price quoted on screens. The average profit taken by marketmaking firms on each trade is calculated to be less than 0.1 per cent, compared with the apparent spread of 0.7.

The exchange is to publish a rulebook for the new market next week. The order-driven system is to apply only to FTSE 100 stocks. The exchange is to consult members regarding any changes to trading systems for smaller companies.

Retail investors are to continue trading through brokers as they do now. The minimum order size on the public order book will be either 500 or 1,000 shares, and orders of less than this will have to be amalgamated by brokers.

N Sea decommissioning may cost $13bn

By Robert Corzine in London

The total cost of decommissioning oil and gas platforms in the UK sector of the North Sea could amount to £8.7bn ($13.6bn) according to a new study by Wood Mackenzie, the industry consultants.

The £8.7bn figure covers existing offshore installations as well as fields under development and probable future developments.

The study shows that Shell, the Anglo-Dutch oil group which last year abandoned a controversial plan to sink the obsolete Brent Spar oil storage installation, has the largest abandonment liability of £1.2bn. It is followed closely by Esso, its North Sea partner and the UK arm of the US oil giant Exxon, and British Petroleum.

Together, the three companies – which pioneered the development of some of the earliest and largest North Sea fields – account for 40 per cent of the total estimated abandonment expenditure.

Wood Mackenzie notes that the final costs for the companies will be greatly reduced by tax relief, which in the case of some fields could be 70 per cent of the abandonment expense. It said the heavy burden imposed on taxpayers by offshore abandonment could cause future governments to try to reduce the bill by limiting disposal options to those that are most cost effective while still meeting environmental requirements.

The oil service industry views decommissioning as a new market opportunity. Costs could decline more if the industry develops innovative and cheaper ways of dealing with the heaviest and most problematic platforms in deeper waters.

The study identifies 14 fields which are likely to cease production before the end of the decade, although only three are troublesome platform developments. The others are either developments which sit on the ocean floor, or floating production systems which can be towed away once a reservoir is drained.

The most intense period of abandonment activity is expected to fall between 2007 and 2018. The pace of abandonment will be affected by the emergence of "second tier" companies which specialise in taking over mature oil fields from their original developers to extend their productive lives.

Two such companies, Talisman of Canada and Oryx of the US, have recently taken over some of the North Sea's older fields. They have lower operating costs than the bigger oil groups, the main factor in deciding when production should cease.

Scientist offers hope over 'mad cow' link

By Clive Cookson, Science Editor

Fifty mice, genetically engineered to have human susceptibility to spongy brain disease, are living healthily into old age in a London laboratory – 500 days after they were inoculated with BSE, or "mad cow disease".

Their continued good health proves for the first time that there is a "substantial species barrier" against the spread of BSE from cattle to people, said Professor John Collinge of the Imperial College medical school at St Mary's, who is in charge of the experiment.

But he warned against taking too much comfort from the "good news" about his experiment, which scientists regard as the most important laboratory test of BSE's ability to infect people.

Prof Collinge – the leading UK specialist on the biology of Creutzfeldt-Jakob disease, the human equivalent of BSE – was giving his first press briefing since the UK government announced in March that there was probably a link between BSE and CJD.

He was "virtually certain" that the 14 confirmed cases in Britain of the new variant of CJD, mainly affecting young people, were caused by eating meat products contaminated with BSE in the 1980s. "There is no other explanation," he said.

All the cases of NV-CJD, as it is called, show the same pattern of brain damage, which is quite different to other CJD cases but similar to kuru, a related disease caused by cannibalism in New Guinea.

Prof Collinge said it was still impossible to predict the size of the coming NV-CJD epidemic. At best, there might be about 20 deaths a year over a relatively short period. At worst, tens of thousands of people might succumb over the next two decades, despite the species barrier between cattle and humans.

Spongy brain diseases are caused by prions. These are infectious protein particles that trigger a chain reaction in the brain, converting a normal body chemical – confusingly called prion protein – into new prions.

The mice in the experiment were changed genetically so that they make human rather than mouse prion protein. When injected with brain material from CJD patients, they die within 200 days.

Tax warning for power companies

By Simon Holberton and David Wighton

Electricity companies will not be able to raise their prices to pay for any windfall tax on utilities imposed by a Labour government, Professor Stephen Littlechild, director general of Offer, the electricity regulator, said yesterday.

He said windfall profits tax was a tax on shareholders and that companies would have to reduce dividends rather than raise prices to pay for it.

Prof Littlechild is the first of the utility regulators to pronounce on Labour's mooted windfall profits tax. His ruling will be unwelcome in the boardrooms of Britain's electricity companies which thought they could pass on the tax to consumers.

Labour is committed to levying a windfall tax on utilities if it is elected at the next general election. Such a tax could raise up to £10bn ($15.6bn) and would be used to fund youth unemployment programmes.

Prof Littlechild said: "I can't think that it would be appropriate for me to respond to a windfall tax by getting customers to pay for it."

● National Grid Group executives were shocked yesterday by unexpectedly severe proposals for revised price controls put forward by Prof Littlechild.

He said the Grid should cut its charges to consumers by 20 per cent in the year beginning next April and cut charges by a further 4 per cent in real terms for the subsequent three years.

He said such a regime would secure nearly £1bn of savings for consumers over the coming four-year period. These were "reasonable proposals" which struck a "reasonable balance between customers and shareholders", he said.

National Grid would make no comment on Mr Littlechild's ruling except to say that it would meet the October 30 deadline he set for them to respond.

However, analysts close to the company said senior executives were shocked by the regulator's findings.

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UK NEWS DIGEST

Gas alert after chemicals blast

Albright & Wilson, the chemicals company, said last night it was possible that a large explosion yesterday at its Avonmouth plant, near Bristol, was caused when the wrong chemical was discharged into a storage tank. Several people including firefighters were treated in hospital yesterday for minor injuries or breathing difficulties after the explosion and subsequent fire at the plant near the Severn Estuary between England and south Wales.

Gas and black smoke drifted for a long distance up the estuary after the explosion. Both road bridges over the River Severn, together with their motorway approach roads, were closed to traffic by police as a precaution for two hours.

People in the neighbourhood were advised to stay indoors and keep windows closed until the cloud of gas dispersed. Albright & Wilson said last night the gas released was hydrogen chloride, which could cause irritation of the skin, throat and chest.

The long-established plant, on an industrial estate, manufactures flame-retardant products. The explosion caused a blaze which was tackled by 100 firefighters and 20 fire engines and was not put out until midday. Albright & Wilson said: "The explosion occurred during a delivery of raw material to the site.

"The delivery paperwork was carefully checked before unloading commenced to ensure that the correct chemical was being unloaded. However, it is possible that in fact the wrong chemical was contained in the vehicle."

Roland Adburgham, Cardiff

■ WAGES IN JERSEY

Minimum of $5.50 demanded

Jersey's government is being asked by the Channel island's parliamentary industrial relations committee to introduce a minimum wage of £3.50 ($5.50) an hour for all employees over the age of 18.

The proposal, already being opposed by the Jersey branch of the Institute of Directors, follows a survey of island employers which revealed that nearly a fifth are paying some staff less than £3.50.

Mr Mick Kavanagh, a Jersey official in the Transport and General Workers' Union, welcomed the principle but said that £3.50 was "far too low".

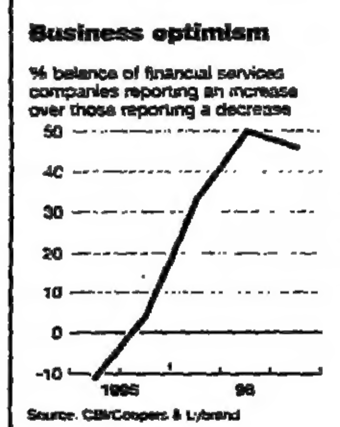
Last month delegates at the Trades Union Congress in Britain voted overwhelmingly for the introduction of a £4.26 an hour UK minimum wage within the first year of an incoming Labour government. But the conference also supported a statement saying "it would be better to determine the precise position on a low pay target when the real negotiations were about to start after a Labour election victory".

Mr Kavanagh said: "£4.26 an hour is what the TGWU is looking for in the UK and we should be able to match that here. The island has £90bn in bank deposits yet there is abject poverty."

Philip Jeune, Jersey

■ FINANCIAL SERVICES

Sector's confidence 'still rising'



Employers in financial services laid off staff at the fastest rate since the end of last year in the third quarter of this year but confidence and activity continued to rise sharply, a survey of almost 300 companies shows today. The survey of the UK financial services sector by the Confederation of British Industry and Coopers and Lybrand, the accountancy firm, showed companies' planned investment in information technology is the strongest since the first quarter of last year. The survey underlines the current strength of services' growth. In sharp contrast to the subdued conditions in manufacturing, robust services growth, fuelled by rising consumer spending, is driving the current economic recovery. The CBI said that higher spending by individuals, rather than by companies, on financial services was the biggest reason for the growth in demand.

Companies' profitability rose sharply in the third quarter, and at a faster rate than had been expected at the end of the second quarter. Overall business optimism rose for the third successive quarter.

Graham Bowley

■ FORESTRY

No tax haven, says minister

There could be no return to forestry being a "tax haven for the rich and famous", Lord Lindsay, the forestry minister, said yesterday. He was speaking at a forestry conference at which the Timber Growers Association called for a return to the tax-breaks available before 1988.

Mr Mark Crichton Maitland, chairman of the TGA, said the government's policy aims for forestry were not being achieved. He pointed to a reduction in commercial conifer plantings to one-tenth of the figure seen in the late 1980s. But Lord Lindsay said the old system of tax reliefs could not return, adding that the tax reliefs had given the industry a "tarnished image".

Maggie Urry

■ SHIPBUILDING

Job hopes in yard contract

The first ship conversion contract won by the Swan Hunter shipyard in north-east England since its rescue from receivership last year is expected to create up to 2,500 temporary jobs, twice the original forecast.

About 2,200 people are now working at the yard bought last year by Dutch businessman Mr Jaap Kroese for offshore-related work.

Chris Tighe, Newcastle upon Tyne

Labour party conference: Attack on submarine-borne Trident missiles fails to win support

Attempt to scrap nuclear weapon is defeated

By George Parker, Political Correspondent

Delegates at the Labour party conference voted yesterday against scrapping Britain's Trident nuclear deterrent. It was an indication of the tight grip maintained on the party by Mr Tony Blair, the leader, and his modernising supporters.

The party has long provided a home for opponents of Britain's nuclear weapons and, in the past, the US nuclear presence in the country.

The conference voted by 56 per cent to 44 per cent to retain Trident, after a debate in which the party leadership suppressed contributions from supporters of unilateral nuclear disarmament.

"This heralds a new era in the history of our party," said Mr David Clark, shadow defence secretary. "Today's Labour party is united in its commitment to a strong defence for Britain."

The leadership took pleasure from the fact that constituency delegates – who make up half the conference vote – came out against decommissioning Trident.

Last year, constituency members voted to abolish the deterrent, and the leadership was saved only by a strong pro-Trident vote by the trade unions.

This year, 80 per cent of constituency delegates are attending the conference for the first time. The vote reflects the changing face of local Labour parties, whose new members are more in tune with modernisation.

The debate on Trident is an annual embarrassment for the leadership, which believes that Labour's former support for the goals of the Campaign for Nuclear Disarmament was instrumental in its last four election defeats.

CND sympathisers were kept away from the podium yesterday, as no fewer than four Labour frontbench defence and foreign affairs spokesmen made long speeches in support of the leadership.

Mr Dave Brown of Huntingdon, speaking in support of the anti-Trident motion, was given short shrift by the platform when he complained that debate was being stifled.

Mr Clark, opening the debate, said: "The British people will not elect a government which they do not trust with the defence of our country. At the last election, Labour was 42 points behind the Tories on defence."

Delegates at the Labour party conference were yesterday given a harrowing account of the massacre of 16 children and a teacher at Dunblane school in Scotland last March as the party stepped up pressure on the government to agree to a ban on handguns, John Kampfner writes.

Ms Ann Pearston, organiser of the Dunblane Snowdrop campaign, dismantled arguments put by the shooting lobby in its attempt to maintain the status quo. The campaign, supported by parents of some of the murdered schoolchildren, was founded after the massacre by local man Thomas Hamilton, to lobby for a ban on handguns.

Ms Pearston said police could not revoke the licences of people they suspected were dangerous because their mere suspicions would not stand up in the courts. Hamilton, who killed himself after the murders, had not consulted his doctor for 20 years. There would therefore be no point, she said, in suggesting that doctors should help vet gun licence applications.

That was the main proposal in a recent report by Conservative MPs.

Great escape from the city

Corporate America is following its workers to the suburbs, reports Victoria Griffith

When Natasha Ikonnikow moved from New York City to the New Jersey suburb of Caldwell several years ago, she didn't anticipate how difficult commuting to her old job in Manhattan would be. "I used to get up at five in the morning to make it into the office at a reasonable time. It was just too much," she says.

So she chucked her advertising career at Ogilvy & Mather and joined AT&T at an office near her home.

Ikonnikow is not unusual. The desire for a shorter journey to work means Americans are becoming more willing to switch employers, and even sacrifice wages. To recruit these workers, US corporations are following them to the suburbs.

The corporate exodus from US city centres seems to be accelerating. In the second quarter of this year, suburban markets experienced the biggest fall in their vacancy rate in nearly 10 years, according to the real estate consultancy Cushman & Wakefield. The downtown office market was flat over the same period.

The latest figures show a quickening in a trend that began more than 25 years ago. In 1970, 80 per cent of the office space in the country's 50 largest metropolitan areas was located in downtown, commercial districts, according to the Massachusetts Institute of Technology (MIT) Centre for Real Estate. By 1994, the figure had fallen to just 39 per cent.

The great escape to the suburbs has implications for corporations, both for the bottom line and for management techniques.

The savings can be substantial. A study published this year by MIT shows that companies can offer lower salaries outside city centres – an average of $4,500 (£2,890) less per worker. Cheaper office space in the suburbs means additional savings of about $1,500 per employee. Services such as rubbish collection tend to be cheaper and taxes are generally lower. The out-of-town office is also considered safer than their city counterparts.

The fast pace of technology is also helping to push companies out of urban areas. Suburban corporate offices tend to be newer and more easily wired for computers and telecommunications. The information revolution also means companies need not feel cut off by operating outside the city. "In the Information Age, downtowns no longer have their traditional lock on data, which can now be accessed from literally anywhere," says Cushman & Wakefield's chief executive Arthur Mirante.

For better or worse, locating out of town can also change the atmosphere at an office. A number of suburban employees said they thought the dress code was more casual than in urban offices. Corporate executives like to think that the relatively isolated location makes for more togetherness among employees.

"There are fewer distractions here, so most employees eat in the cafeteria instead of going their separate ways," says Tomm Sprick, from Union Carbide, which moved from Manhattan to Danbury, Connecticut 16 years ago.

Some suburban employees, however, feel the idea of extra togetherness is largely a myth. "Most people buy their food in the cafeteria because they have to," says one. "We used to have lunch together more in the city, where there were fun places to eat."

Consultants say they see few brakes on the corporate suburbanisation trend. A federal ruling by the Environmental Protection Agency, that would have penalised groups not located near public transport, was derailed earlier this year. And despite downtown renovation projects, many Americans show little taste for an urban lifestyle. "The only thing I can see that would turn this around is if traffic in the suburbs became as bad as traffic downtown," says William Wheaton, a consultant with Torto Wheaton Research.

There is a downside to abandoning urban centres, however. It is more difficult for suburban offices to attract a diverse workforce.

Another disadvantage is the isolation from competitors and clients. Suburban workers may attend fewer events held by professional associations and access is more time-consuming for clients.

Some corporations are unwilling to give up the prestige and visibility that comes with a downtown office. Great city buildings can help companies create an image. Everyone knows the silver art deco skyscraper in mid-town Manhattan as the Chrysler Building, for instance, years after the car group vacated the premises.

Despite the drawbacks, a growing number of companies find the cost advantages outside urban centres too good to resist. For much of corporate America, the question seems only to be which suburb to locate to. "That's easy to answer," says Gordon McPhaden, a site selector for Pepsi. "It's wherever the president of the company lives."

Setting up in Thailand

It is widely believed that a foreign company will prosper in Thailand's manufacturing sector only if it has a joint-venture partner or localised subsidiary.

That is certainly the course Ford Motor Company chose last year when it decided to set up south-east Asian manufacturing operations in Thailand. It spent considerable time searching out a local Thai joint venture partner.

But General Motors, Ford's worldwide rival, has decided to take a different tack as it sets up its own Asian base in Thailand, producing 80,000 cars annually from 1998. GM resisted public pressure and private suggestions during 18 months of talks that it too should take on a local partner.

With most potential partners concentrated in the parts industry, GM believes it is hard to find one that can add value to the assembly operation after it is up and running. David Jerome, GM's Director of Corporate Affairs and lead negotiator on the project, says: "Some people might want help when the learning curve is steep, but after five years what do you have then?"

Ford, buoyed by its recent success in India, where it was able to start production within one year of entering into a joint venture, believes it gave nothing away to get a local partner in Thailand.

David Synder, Ford's top executive in Thailand, says the company is "learning about Thailand and trying to get insight into how Thai companies work". Ford gave KPN Industries, the motorcycle and automotive components conglomerate, a 5 per cent stake in AutoAlliance Thailand. Together with Mazda, the company will produce 135,000 pick-up trucks a year from 1998.

GM is not against local partnership in every case. It recently took the joint-venture route in Thailand with its local branch of General Motors Acceptance Corporation and has hooked up with a local partner to expand its distribution network in Thailand. It also says it will hire Thais for important positions in corporate and government affairs.

Yet GM executives still fundamentally believe in their own ability to deal with the peculiarities of abroad. Jerome promises that the ceremony to begin construction of the company's new facility will be a very Thai stone-laying ritual. "We'll have joss sticks and everything. We'll do things right," he says.

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Case Study · Simplifying the supply chain

Focus on the job in hand

By Peter Marsh

Case, one of the world's biggest makers of tractors and construction equipment, has closed or reduced the size of 17 of its worldwide plants since 1992. It has been left with just five large plants in Europe and the US for final assembly, and three for making large components such as gearboxes and cabs. Along the way, some 7,000 jobs have gone.

As Case has moved out of making many of its own parts by transferring this job to suppliers, it has had to forge closer links with these companies. Suppliers have had to become more involved in design changes as well as delivering more frequently to Case's core assembly plants.

Herbert Wolf, Case's director of strategic planning for Europe, headed a 15-month project aimed at re-organising its worldwide "supply chain". Wolf says a better name for the project, which ended last year, would have been managing the "demand chain" – reflecting that it is about improving the service to the customer.

Case is evaluating all its suppliers around the world to establish how well they meet standards in areas such as cost, quality, reliability of delivery and responsiveness to customer complaints or new design ideas.

Wolf says that, by 2000, the time it takes to build a Case product from raw components, order to delivery, should be down to roughly a month, compared with the current worldwide average of three months.

Benefits should include lower warehouse stocks inside the company's assembly plants, leading to cost savings. Other advantages should be a reduction in internal bureaucracy as a result of jettisoning the concept of trying to forecast demand – and replacing this with getting suppliers to build parts on a "just in time" basis.

Case has divided its suppliers into about 25 broad categories by commodity, covering such areas as electronics, engine parts, pumps and hydraulics. In each case it examined 10 to 15 general problem areas.

In Europe, attention has been focused on the two main plants for assembling tractors and construction equipment – Doncaster in the UK and Crepy in France. At the Doncaster factory the number of suppliers has been cut to about 180, a two-thirds reduction since 1990, as part of the goal of simplifying the delivery structure.

Many of these companies send their consignments to the plant via an unusual outsourcing deal which Case has signed with Eldred Holdings, a storage and distribution company that has taken over running Case's goods-in warehouse.

The company has the job of looking after some 3,000 different types of part, and delivering them, every few hours in some cases, to the Doncaster assembly line a short distance away. The arrangement "enables Case to concentrate on what it does best, which is tractor assembly", says Richard Eldred, a director.

At Crepy, the suppliers have been cut by half since the late 1980s to about 330, with Case trying to help them improve responsiveness to demand.

Managers at Crepy are negotiating with suppliers to get more of them to agree to "consignment stocking" – a technique in which the suppliers deliver to the factory in set batches but invoice for the goods only when they are used on the production line.

As Mike Edmondson, Case vice-president for construction equipment in Europe, admits, there are "potential problems" with this approach, but this can be combatted through long-term contracts to give the supplier company greater financial security in the long run.

BUSINESSES FOR SALE ALSO APPEAR ON PAGE 26

LEGAL NOTICES

In the High Court of Justice
Chancery Division
Companies Court

No. 005193 of 1996

IN THE MATTER OF
CARDCAST INFORMATION SERVICES LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 13th September 1996 presented to Her Majesty's High Court of Justice for confirmation of the reduction of the capital of the above named company from £2,000,000 to £20,000.00 and of the reduction of the Company's share premium account by £236,350.33. And notice is further given that the said Petition is directed to be heard before The Companies Court Registrar at the Royal Courts of Justice, Strand, London WC2A 2LL on 16th October 1996. Any creditor or shareholder of the Company desiring to oppose the making of an Order for the said reduction of the company's capital and share premium account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charges for the same.

Dated this 27th day of September 1996

Nabarro Nathanson, Abbot's House, Abbey Street, Reading RG1 3BD
Tel: 0118 950 4700 Fax: 0118 950 5640
Solicitors for the Petitioning Company

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RECRUITMENT

Richard Donkin on the risks and rewards of a mid-career break - and how to ask the boss

Time out to widen your horizons

Modern managers expect ever more of their employees in today's harshly competitive climate. They want a workforce of "empowered" employees who are prepared to take on more individual responsibility. They want team players. They want people with broad experience able to adapt to the changing world.

They ought, therefore, to welcome the idea that employees might choose to take a break in mid-career – not to leave the company, but simply to do something different for a while. Such a break should be even more attractive if it involves developing individual initiative and team-working in a pursuit that is unlikely to weaken their commitment to their employer.

But many among the 14 amateur crews who set off this week from the UK on the BT Global Challenge, a gruelling 10-month round-the-world yacht race, found their managers' response to requests for such a break did not always reflect the popular human resources rhetoric. Some of them, often prized employees in the middle of promising careers, found it took considerable persuasion to extract promises of time off and a job to come back to.

Julia Bishop, a 34-year-old product manager working on one of ICI's most exciting developments called Klea, a replacement for CFC gas, read about the race in a newspaper. The organisers said they were looking for volunteers with no experience for the adventure of a lifetime. The 10-month race against prevailing winds and currents is reckoned to be the toughest in the world.

"I fell for the blurb," she says. "If you want to look back and think you have lived life to the full, you have to do something like this."

The biggest problem was her job. "I had a great job with lots of travelling and I was working for something I really believed in," she says. "My career seemed to be on the up and up, so to abandon the job at a time when things were quite crucial feels like a pretty big sacrifice, given that I had put a lot of personal effort into advancing my career."

Bishop trained for the race in secret for three years, only telling ICI in January when the teams had been chosen. She gave much thought to the way she would broach it. Instead of walking meekly up the corridor she went to her managers with a business case and a list of sponsorship options. She succeeded in obtaining some sponsorship and a promise that she would be re-employed after a year's unpaid leave, although she would not return to her old job.

"I think they were shocked that I was willing to risk the position I was in," she says. "But taking risks and stretching boundaries is fairly central to ICI thinking. I was asking them if they were willing to walk the talk. I did have to sell it to them and almost had to challenge them. I kept hearing the word 'precedent'."

Today she is heading out across the Atlantic on the race boat, Global Teamwork, with other crew members all of whom have had to make arrangements to keep their jobs on ice.

The decision was less difficult for those with their own businesses – more one of logistics. Merfyn Owen, the skipper and a partner in the Owen Clarke Design Group, decided his yacht design company had reached a stage where he could afford to take four years away, leaving his partners to keep it ticking over. The Global Challenge is only part of his break. "The way I look at it, it is a four-year sales and marketing job," he says

Peter Craig, a self-employed builder and another member of the same crew, has made similar arrangements, employing a caretaker manager for the business in his absence.

The career break was far more difficult for Jo Dawson, a member of the Toshiba crew, who walked out of her manager's job at National Westminster Bank. She had been running a business centre looking after 60 medium-sized companies, typically with annual sales of about £2m. The bank had invested heavily in her career, sponsoring her to take a 15-month MBA course.

"That spell outside the bank was a rare opportunity to take a step away from the organisation and all the political manoeuvrings," she says. "It made me realise I could survive."

Dawson has noticed an increasing interest at the bank in outside experience at a time when the industry is restructuring itself.

"At the top of the bank they were recruiting more and more people – for quite justifiable reasons – with external experience," she says. "There is a feeling among a lot of my peer group that the best way to further your career in the bank is to leave and get experience elsewhere."

She too delayed the day she told her senior management about her plans to take part in the race. In the end she was forced to confess for fear that they would hear from her clients who had become enthusiastic supporters of her sailing plans. "I wanted to manage the way that it came out. I went in with a game plan, asking them if they would sponsor me," she says.

Like Bishop, she presented the opportunity as one that would benefit the bank. She suggested to her managers that they might view her absence in the way they accepted maternity leave. "In some ways it is like having two children back to back," she says. The bank agreed to a year's unpaid leave of absence with the promise of a job when she returned.

To their credit, both ICI and NatWest made it possible for their staff to join the race. But they will sooner or later have to re-assimilate the two employees back into the fold. The dilemmas posed in such cases were forecast by C.K. Prahalad, Professor of Business Administration at Michigan University's Graduate School, at last year's annual conference of the Institute of Personnel and Development.

"The people companies need are those who have the knowledge and the skills to walk away from them," he said. "The people who can say 'No, I don't want to work for you' are the people you want. Companies will need to construct systems that attract these people and keep them wanting to work for the organisation."

Neither woman is frightened of the prospect of joblessness. "I look at it like this," says Dawson. "I have a good degree, an MBA and I will have sailed round the world. I think that should at least get me an interview."

Of the amateur crews who competed in the last global challenge race in 1992, about a third went back to their careers, a third changed careers and third ended up drifting in and out of different jobs or sailing experiences. "I don't know which third I'm going to belong to," says Dawson. "That's one of the most exciting aspects of this whole event."

Most of the competitors appear philosophical about their future. Even if the event does not change their lives, it will probably change the way they are seen by others. As Julia Bishop says: "Somebody said to me that 30,000 miles is a long way to go to end up at the desk you left."

Owen sees it more positively, however. "I am sure that anybody who sails back from this trip and wants to go back into a job will have no problem as long as they have forward-thinking employers," he says.

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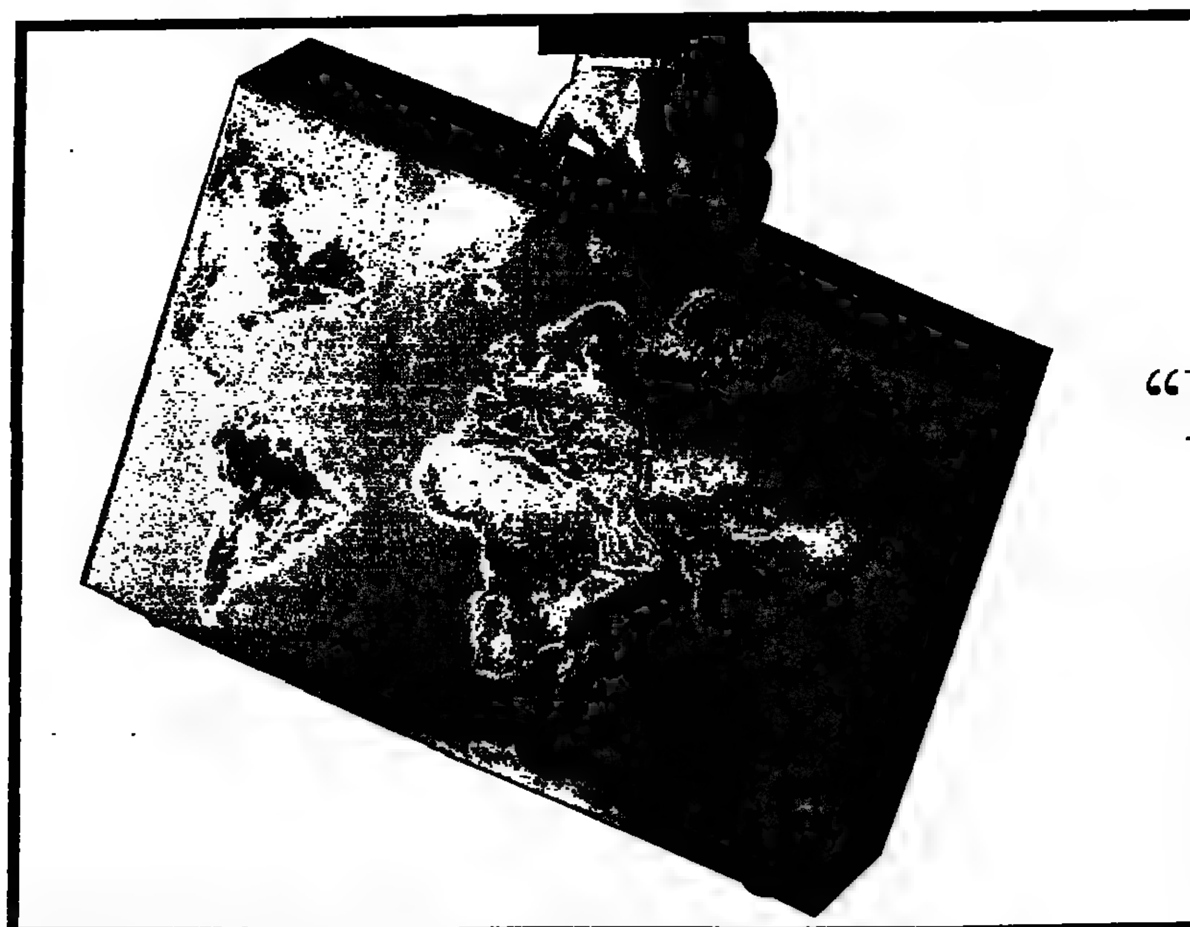

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CDC is a $2.7 billion organisation whose business is to make sound commercial investments in emerging markets. We have investments in many enterprises, from software companies to large agricultural, manufacturing and power businesses. We actively pursue investment opportunities in some of the world's most rapidly developing markets. We also run 30 businesses employing over 40,000 people and manage 15 private equity and venture capital funds.

Operating within our Investments Division, you will work closely with our offices overseas to decide investment strategies, generate new investments and ensure the high performance of existing investments. You will be a key mover in researching, evaluating, negotiating and managing profitable investments, ranging in size from $5 million to $50 million.

We need go ahead professionals as Investment Managers and Executives for three regions: Sub-Saharan Africa with a current portfolio of $700 million, Asia/Pacific with a portfolio of $1.2 billion and Caribbean/Latin America with a portfolio of $500 million. Positions within these regions are London based, although there will be extensive overseas travel.

To be considered you will have:

- at least seven years (five years for Executives) relevant experience gained in investments or business
- an MBA or professional Accountancy qualification
- a strong professional background in developing countries
- a thorough knowledge of financial modeling techniques, investment analysis and equity structuring
- a track record of successful investment to be considered as a Manager.

A detailed economic, financial, political and commercial knowledge of the regions would be an advantage. Effective planning, negotiation and communication skills are essential.

In return we can offer you a high management profile and excellent career potential in a variety of fields both in the UK and overseas within an expanding international organisation. The salary package will reflect the contribution we would expect you to make and the benefits include a subsidised UK mortgage, non-contributory pension scheme and child care vouchers.

To apply, please write with a full CV, enclosing details of current salary and quoting reference no. 2595 to:

Marie Grealy, Human Resources Executive,
Commonwealth Development Corporation, One Bessborough Gardens,
London SW1V 2JQ. Fax: 0171 963 3953. E-mail: mgrealy@cdc.co.uk

CDC

BRITAIN INVESTING IN DEVELOPMENT

Investment Analyst

UK EQUITY MARKET

Rothschild Asset Management Limited manages funds for UK and International clients, both institutional and private, and is part of a global network within the Rothschild Group.

This role carries responsibility for analysing several sectors of the UK equity market, and will involve close liaison with fund managers on the development of stock and sector recommendations. For the right person, there will be excellent opportunities for career progression.

Applicants should have an honours degree and an IIMR qualification, plus between 3 and 8 years' post-qualification research/analysis experience, ideally including exposure to consumer stocks, in an investing institution. A high level of initiative and first-class interpersonal skills are essential.

A competitive remuneration package will include a range of banking benefits.

Please send your full cv (including details of present remuneration) in the strictest confidence to Sara Morris, Personnel Manager, Rothschild Asset Management Limited, Five Arrows House, St Swithin's Lane, London EC4R 8NR.

ROTHSCHILD ASSET MANAGEMENT

CREDIT RESEARCH ANALYST

EMERGING MARKETS, FIXED INCOME

Salary: Circa £50k + Bonus

As a recognised leader in the fixed income and equity markets, this International Investment Bank provides a comprehensive range of products and services in the primary and secondary bond and equity markets, currency and interest rate swaps and options, fixed income and equity derivative products and specialised instruments.

They are currently looking to recruit a credit research analyst to support the primary and secondary fixed income emerging markets of Latin America. The role will involve conducting analysis and research on emerging market sovereign and non-sovereign borrowers and producing research material for internal and external circulation, liaising with originators, salespeople and traders as appropriate.

The successful candidate will have graduated from a major business school with a masters degree or MBA qualification and a quantitative financial background. Fluent in Spanish and computer literate, they will have 3-5 years' experience working in the credit research function of a major international bank, with particular expertise in the Latin American regions. Preference will be given to candidates who have relevant experience gained in the local Latin American markets.

Experience is also required in conducting client meetings and dealing effectively with the range of personalities typically found on a trading floor.

A detailed curriculum vitae should be addressed to our consultant Steve Garfick at GMBM, 27 Floral Street, London, WC2E 9DP.

GMBM
Advertising & Research

Fixed Interest Fund Manager

NEWTON **Excellent Package**

Newton is a highly successful investment management house with around £9.8bn of assets under management. The company manages institutional funds, pension funds, private clients and unit trusts and is known for its active, committed investment style.

Newton are seeking to appoint a Fixed Interest Manager/Analyst to join their segregated pension fund team. The fixed interest element of the segregated pension funds and the unit trusts currently amounts to £1bn. The successful candidate will work closely with the Associate Director of Fixed Interest and be involved in the management of the funds and the generation of investment ideas. He/she will have the opportunity to investigate strategies across global debt markets, including non-traditional instruments, and to implement these views.

The candidate must be a well qualified graduate, mid to late 20's with two years or more experience in the global markets. This is an excellent opportunity to develop within a growing team.

For a confidential discussion please contact Patrick Morrissey.
Telephone: 0171 236 2400, Fax: 0171 236 0316 or apply in writing to:
Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

SENIOR FX STRATEGIST

Play a leading role in the development of global FX research and strategy for a major international bank

In this senior position, you will join a team of global fixed income, foreign exchange and quantitative researchers based in Paris, London and Singapore. You will be responsible for producing research on the main foreign exchange markets and providing strategic advice to the bank's dealing rooms around the world and to international clients.

To meet the bank's requirements, you will be a graduate economist with a strong financial background. Probably in your early 30's, you will have at least 3 years' experience of the foreign exchange markets, together with the ability to work effectively with traders and sales people. You will have good technical abilities, strong communication skills and, preferably, fluent French.

Our client is a truly global bank and can offer excellent opportunities for career development. The highly competitive base salary, plus benefits package, will be attractive to suitably qualified candidates.

Please contact Tony Tucker in strict confidence.

Fax	Cleary Court, 21-23 St. Swithin's Lane	Telephone
0171-626 9400	London EC4N 8AD	0171-626 1161
	Financial Recruitment Consultants	

SHEPHERD LITTLE

هكذا من الأصل

Tokyo-Mitsubishi International plc

Senior Credit Analyst

London-based Capital Markets subsidiary of major international bank seeks high calibre, proactive and experienced credit professional to work alongside trading/sales operation, covering all main stream credits plus Eastern European, Asian and Latin American debt.

Key responsibilities

- Provide in-depth credit analysis on a wide range of multi-product, multi-currency securities
- Actively seek out new trading opportunities
- Prepare and present strategic research and in-depth financial analysis, both in-house and to clients
- Work closely with our primary trading and origination operations

Key qualities sought

- 5-7 years' credit analysis experience from a quality banking institution, rating agency or the corporate sector - experience within a trading room would be an advantage
- Experience in all mainstream credits plus at least one of the following: Eastern European, Asian and Latin American debt
- Enthusiastic and positive attitude, alert for new trading opportunities and able to interpret data quickly, you wish to be a key member of an active trading operation
- A mature and lucid communicator, you are confident of the accuracy of your judgement

Rewards commensurate with experience and will reflect the importance of this key position. To apply, please write, enclosing your full CV to Rita Morris, Associate Director, Personnel, Tokyo-Mitsubishi International plc, 6 Broadgate, London EC2M 2AA.

TMI is a wholly-owned subsidiary of The Bank of Tokyo-Mitsubishi, Ltd.

Bank Austria

Ukrainian Securities Personnel

Bank Austria - Austria's largest bank - continues to strengthen the London Investment Banking Division. We are already active in Czech, Hungarian, Polish, Slovak and Slovenian equity trading, sales and analysis.

The London Investment Banking Division is now commencing operations in the Ukrainian securities markets. We are seeking to recruit Ukrainian speaking analysts and other personnel with some knowledge of the Ukraine.

Candidates should have appropriate qualifications and any useful experience will be reflected in the remuneration package, which will include a bonus scheme and full banking benefits.

Interested applicants should send their CV's for the attention of the Personnel Manager to:-

Bank Austria A.G.
Bank Austria House
32-36 City Road
London EC1Y 2BD

GLOBAL RESEARCH OTE £60,000

A Division of Euromoney Publications PLC — Asst OTE £30,000

INTERNATIONAL BUSINESS DEVELOPMENT

Global Research is growing its client base through a reputation for high quality and actionable intelligence on corporate and investor requirements. To capture and stimulate demand, we now wish to recruit a high calibre individual with a record of closing high value business to develop relationships and market research to leading international financial institutions.

An assistant sales position is also available. OTE £25-30,000

Please send letter and CV to Justyn Trenner, Head of Global Research. Fax: +44 171 779 8769 — *Closing date Oct 14 1996*

GENERAL MANAGER

We are specialists in providing software services to the Times 500 companies for the Internet/Intranet and CD ROM. We are seeking a General Manager with excellent interpersonal and leadership skills to join this dynamic company.

Write to Box A5694, Financial Times, One Southwark Bridge, London SE1 9HL.

Business Advisor

International Communications

Excellent Package inc. Bonus — **West End**

Outstanding opportunity for talented City professional to join this highly successful consultancy providing a unique advisory service to the most senior executives in finance, industry and the Public Sector.

THE COMPANY

- Small, dynamic, privately-owned business. 25 year history. Growing internationally in response to market demand.
- Provides specialist advice on the critical delivery of key public/business presentations.
- Long-established relationships with blue-chip clients in the US, Europe and Far East. Highly regarded, well respected team.

THE POSITION

- Deliver effective communication advice to Chairmen, Chief Executives and senior management to enhance presentation performance.
- Develop, maintain and build relationships at the highest level. Identify new opportunities for growth.
- Advise top-level professionals on winning competitive tenders.
- Provide one on one counselling and objective assessment using a recognised formula for success.

QUALIFICATIONS

- Tenacious, success-driven City performer with thorough understanding of financial products. Minimum three years' experience. Background in corporate finance, sales or recruitment useful.
- First-class communication skills with proven ability to develop business. Stature and confidence to liaise with senior executives.
- Energetic self-starter. Creative thinker. Fluency in French or German required.

Please send full cv, stating salary, ref FS61001, to NBS, 10 Arthur Street, London EC4R 9AY

N B SELECTION LTD
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NBS

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Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

Corporate Affairs Issues Executive

A Brussels-based leading multinational has an exciting career opportunity for a young, talented, highly numerate economist/chartered accountant with good interpersonal communication skills to join their Tax Issues Unit, which routinely monitors fiscal policy at national and EU levels.

Reporting to the Manager Corporate Affairs Issues, Tax, he/she will assist in formulating indirect taxation strategies for the management and operating companies by developing tax scenarios based on economic models provided by the Planning Department. He/she will gather and analyse available information on indirect taxation, and be primarily responsible for handling all requests and queries from operating companies in the EU concerning the above. Liaising with external consultants and other research institutes, he/she will co-ordinate and monitor through all stages economic research projects in general and, especially on indirect taxation.

The ideal candidate aged 24 to 28 will have:

- a degree in economics or chartered accountancy with a strong fiscal law content
- two years exposure to a business/consultancy/research environment
- experience in using and applying mathematical and statistical models for business
- good written and oral communication skills
- ability to work independently, yet, effectively and efficiently within the framework of a team to meet short deadlines.
- near native fluency in English and, preferably one European language.

This is a unique opportunity for a dynamic, young individual to develop his/her skills in an international environment. The company offers excellent career prospects and a remuneration package commensurate with qualifications and experience.

For details, write with full curriculum vitae to or call:

Ms. L Rauschenbach
13 Chemin des Chamuses
Ch-1234 Vessy/Geneva
Switzerland
Tel: 0041 22 784 32 82 Fax: 0041 22 784 33 87

Investment Analyst – Textiles & Apparel

Leading Investment Bank

City — **Excellent Package + Benefits**

Our client is a leading global investment bank. Its Equities division produces comprehensive UK and European industry sector and strategic research, enjoying lead rankings across a range of sectors.

The division now seeks to build on its highly regarded coverage of the textiles and apparel sector through the appointment of a further Investment Analyst. The appointee will:

- undertake detailed analysis of companies within the sector;
- forecast future results and produce investment valuations;
- produce detailed written material and presentations;
- develop close relationships with key corporate and institutional clients.

Candidates will ideally be experienced stock market analysts with an investment bank, fund manager or insurance company. Alternatively, they may currently be working in the textile industry in a strategic planning, accounting, economic or corporate finance capacity, or may have a background in consultancy to the textile sector. Key personal attributes will include a high degree of self-motivation, excellent presentation skills and the personal credibility to make an immediate impact amongst the client base.

This is a demanding and high profile role, offering excellent career development prospects and a highly competitive remuneration package.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 590J on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
86 JERMYN STREET, LONDON SW1Y 6JD. TEL: 0171 468 3800
A GKR Group Company

Corporate Broking Executives

Since its formation in 1993 Société Générale's Corporate Broking Team has earned an outstanding reputation for the quality of its advice and professionalism. Acting as financial and/or stockbroking adviser, the team has developed an impressive and growing client list. Its work in primary and secondary equity markets in the UK and overseas has led to success in a high-profile and broad range of transactions.

Due to the development of the department and a substantial increase in levels of business, we are now looking to recruit experienced Corporate Broking Executives. Successful candidates will gain in-depth exposure across a wide range of transactions and will enjoy the opportunity of working with a young, innovative, highly dedicated team of professionals. A high level of client contact and personal autonomy is guaranteed.

Candidates will fall into one of the following categories:

- Qualified ACAs or solicitors with at least 2 years' relevant post qualification experience or
- *Graduates with at least 3 years' experience in a leading corporate finance or stockbroking firm.*

In return we offer an excellent remuneration package and exciting career prospects in a truly international organisation. Interested candidates should contact our retained consultant, Christopher Squire, at the address below. All third party applications will be forwarded to Jonathan Wren & Co.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants,
No 1 New Street, London EC2M 4TP. Telephone: 0171-623 1266 Facsimile: 0171-626 5257
Compuserve: 100446,1551

With 45,000 employees worldwide, 2,000 branches in France and 500 outlets in more than 70 countries, Société Générale, international banking Group, is active in every sector of banking and finance.

SOCIETE GENERALE

Jonathan Wren & Co Ltd

LENDING MANAGER & OFFICERS

CANTONESE SPEAKING

SALARY:
£50,000 c +
BANKING BENEFITS

LOCATION:
LONDON

Due to expansion, our client, a successful Chinese Bank, is seeking to recruit an experienced Lending Manager to takeover and expand an existing portfolio of mainly London based private and small corporate UK clients. It is planned to develop business in other UK centres.

Reporting directly to the General Manager you will be responsible for managing a team of eight and you will therefore need to demonstrate that you have the experience, energy, man-management skills and product/credit knowledge to deliver a range of commercial and trade-finance banking products, to a valued and expanding portfolio of clients. You must be fluent in Cantonese, hold a university degree or equivalent, be aged mid 30/40s with an acceptable commercial/corporate banking background gained in the United Kingdom. If you are currently working overseas now, but have previously worked in the UK, please apply. We also require Cantonese speaking Lending Officers who, under report to the Lending Manager, will assist in fulfilling the banks planned expansion strategy. Remuneration for Lending Officers will be c £30,000 + benefits.

A detailed CV including details of your current package should be sent by no later than 22nd October 1996 to Ron Bradley, Director/Head of Permanent Recruitment, at Jonathan Wren & Co. Ltd., Financial Recruitment Consultants, No.1 New Street, London, EC2M 4TP quoting reference P30264.

Telephone: 0171 623 1266 Facsimile: 0171 626 5257

JONATHAN WREN

r e s e a r c h

DIRECTOR OF MARKETING

Scotland — *A six figure package including Executive Share Options*

Our client is one of Scotland's oldest and most respected investment houses. For over one hundred years, they have been investing successfully on a global basis for investment trusts, pension funds and private clients.

Our client is recruiting a Director of Marketing who will be based at the Head Office in Edinburgh. This is a senior position within the Group. In this role you will have overall responsibility for co-ordinating all global marketing activities of the different divisions of the Group. The successful candidate will also be appointed to the Executive Committee of the Company.

In particular, the role has specific responsibility for developing a strategic plan for raising the profile of the Group and for promoting the firm as a "brand" name. In addition, the role will carry responsibility for undertaking institutional and retail marketing, both within the UK and internationally.

Candidates for this role will have gained considerable experience within the financial sector, preferably within the investment management business. Ideally, you will have held a senior management position in marketing or sales with a solid background in marketing financial products to the retail sector and institutions.

FLETCHER JONES
search and selection

Applications, in complete confidence, including salary details to Lynn Muirhead or Richard Fletcher at Fletcher Jones Ltd, 10 Castle Street, Edinburgh, EH2 3AT. Telephone: 0131 226 5709. Fax: 0131 220 1940.

CONVERTIBLE SALES PROFESSIONALS

Global Investment Bank

London *£ exceptional*

Our client, a leading global investment bank, has retained us to seek a select number of highly qualified sales professionals with experience in convertible bonds and derivatives.

We are seeking individuals with an existing client base in either Central Europe, the Middle East and/or the United Kingdom, and a high level of competence and credibility within the convertible bond/derivative markets.

The Bank has a long established reputation as one of the major forces in the business both in terms of new issuance and innovation.

This is an excellent opportunity to join a young and enthusiastic team who are capitalising on senior management's mandate to take the business to the next level.

Remuneration, by way of salary and bonus, will not be a limiting factor in attracting the right individuals and will include the usual range of bank benefits.

For an initial discussion, in complete confidence, please telephone Jonathan Dancy on 0171 491 4650 or write enclosing a curriculum vitae to the address below quoting reference number 066/137/02.

SCI
INTERNATIONAL GROUP LIMITED

SCI International Group Limited, 21 Arlington Street, London SW1A 1RN.

SOVEREIGN CREDIT RESEARCH
EMERGING MARKETS

PACKAGE:
SIX FIGURES +
BANKING BENEFITS

LOCATION:
LONDON

On behalf of our client, a major European investment bank, we are seeking a very experienced Sovereign Analyst to carry out economic research in support of a successful and ambitious team of traders.

The ideal candidate will have at least 5-10yrs experience of key Eastern European emerging markets plus Middle East and Africa.

This is an outstanding and exceptional opportunity for a qualified Economist who can bring commercial awareness and insightful research to a highly innovative team.

An exciting package will be structured for the successful candidate who will probably be currently employed, in a similar position, in a major investment bank.

Please submit your C.V. and details of your current package to Ron Bradley - Director/Head of Permanent Recruitment, at Jonathan Wren & Co. Ltd., Financial Recruitment Consultants, No.1 New Street, London, EC2M 4TP quoting reference P30262.

Telephone: 0171 623 1266 Facsimile: 0171 626 5257

JONATHAN WREN
r e s e a r c h

INTERNATIONAL PRIVATE BANKING

MARKETING AND PRODUCT DEVELOPMENT MANAGER

c.£60,000 **LONDON**

An exceptional opportunity to join a respected and profitable UK subsidiary of an international bank with global capital resources of over US$1 billion. The London bank, with a balance sheet total of around US$2.5 billion, seeks to appoint a marketing and product development manager to support its private banking activities.

The Position

- Responsibility for product development with particular focus on investment tools such as unit trusts/mutual funds, including index-linked products.
- Adding strategic depth to the relationship function.
- Performing marketing research in its broadest sense. This will include competition and peer group analysis, performance analysis, assessment of patterns and trends in customer activity, etc.

The Requirements

- Extensive knowledge of investment tools such as unit trusts/mutual funds.
- Ability to project manage the structuring of products from inception to delivery.
- Excellent analytical and quantitative skills combined with PC literacy.
- Ten years of relevant banking experience.

Please send your CV with current salary details to: Fiona Jobson, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90410/C. Alternatively send by fax on 0171-312 0020 or e-mail to cv@kfselection.com Internet Home Page: http//www.kfselection.com

K/F SELECTION
A DIVISION OF KORN/FERRY INTERNATIONAL

HSBC Asset Management

W O R L D C L A S S P E R F O R M E R S

COMPLIANCE MANAGER

HSBC Asset Management is the global investment advisory and asset management business of the HSBC Group, one of the world's largest banking and financial services organisations.

As Compliance Manager, your responsibility will be to enable key business functions to comply with relevant regulations. Your principal tasks will be to:

- deal with all compliance matters, liaising with and reporting to the regulators, and ensuring compliance with relevant regulations;
- keep fully abreast of rules of the SIB, IMRO and PIA;
- build good working relationships with senior line management and sales staff, actively promoting the role of compliance.

Candidates will be graduates with an appropriate professional qualification.

Relevant experience of the compliance function and detailed knowledge of rules relating to Unit Trusts and PEPs will be essential. Ideally, applicants will have had significant exposure to compliance issues relating to both retail and institutional fund management. Your personal attributes will include a high level of integrity, well developed interpersonal and communication skills and a constructive approach to problem solving.

Please send your CV and details of your current renumeration to Michelle Goulet, 6 Bevis Marks, London EC3A 7QP. Fax: 0171 336 5775

ACCOUNTANCY APPOINTMENTS

Arab Insurance Group
Head of Internal Audit

ARIG

Bahrain – Substantial Tax Free Package – (US$)

- *Arab Insurance Group (ARIG) was formed in 1980 and has developed into an internationally competitive insurance and reinsurance company, with particular strengths in the Aviation, Marine, Oil, Property, Engineering and Banking sectors. Key elements in its corporate strategy are a commitment to greater international presence and substantial investment in the development of a range of innovative Personal and Financial Services products. At present, ARIG operates from its headquarters in Bahrain, its wholly-owned subsidiary in London and a number of international branch offices: additional overseas offices will be opening in the near future.*
- *This ambitious programme of expansion and diversification, and an absolute commitment to professional excellence, has created the need to hire a world class Head of Internal Audit, reporting to the Audit Committee of the Main Board. A critical element of your role will be to monitor all aspects of corporate commercial risk and alert the Audit Committee to any areas of concern. You will also take over, develop and lead an existing Audit Department and be responsible for the entire audit function, including the establishment of standards and policies, and the scheduling and management of work to ensure compliance of internal systems, controls and working practices throughout the Group, world-wide.*
- *Probably Big 6 trained, and a true internationalist who adapts easily to other business cultures, you will currently be at a senior management level in the profession or in a major, international insurance organisation. In addition to outstanding technical ability, you must have well developed strategic and commercial vision, staff management skills and the personal presence to influence the decision making of the Board. Opportunities for career progression in financial and general management in the Group are exceptional.*

If you wish to be considered for this opportunity, please send your curriculum vitae, including details of current remuneration and a summary of how you meet the requirements, to Neil Cameron at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting ref: NC0062.

ERNST & YOUNG
The United Kingdom firm of Ernst & Young is a member of Ernst & Young International.

OCEAN GROUP plc

GROUP FINANCIAL CONTROLLER

Bracknell **Six-figure package**

Ocean is an international provider of industrial and distribution services with a turnover of £1.1bn, operating in 39 countries; a new top management team is bringing a fresh approach.

Ocean's strategic goal is to build shareholder value through consistently increased earnings. Its vision is to be a dynamic, successful, professionally managed and financially sound provider of services in markets throughout the world. To meet this challenge it must attract, develop and motivate high calibre people in all areas of its business.

From a base of informed review, the Group Centre challenges the businesses to achieve performance through considered strategies and determined action. The role of Group Financial Controller is pivotal to this process.

A career development move has opened this key position, reporting to the Group Finance Director. The prime task is to continue the development and enhancement of financial control and management information systems throughout the group, leading performance analysis and bringing an urgency to identifying and implementing action plans.

You must have a good degree, first time professional examination passes and an outstanding record of advancement since qualifying, including an analytical role in a substantial plc. Of top rate intellect, widely informed, you will be a mature communicator, with natural authority and influencing skills. Language skills would be valuable and freedom to travel is essential. You are likely to be aged early to mid 30s and still have considerable career headroom.

Please write in confidence to Peter Williamson, enclosing a concise cv and remuneration details and quoting reference 047/FT. Explain briefly why we should meet.

Lawless & Williamson
E X E C U T I V E S E A R C H
1 Heathcock Court, 415 Strand, London WC2R 0NS

OTTAKAR'S

Finance Director

£55-65,000 + Attractive Executive Package **London**

Established in 1988 and now the UK's fastest growing bookshop chain, Ottakar's has 30 outlets and well advanced plans for a nationwide presence. It is considering listing at an appropriate stage to underpin this expansion. An additional Board member is now required to play a critical role in the successful delivery of its growth strategy.

THE POSITION

- Entrepreneurial opportunity to take charge of financial strategy, with key role in investor relations and MIS, working alongside Managing Director.
- Achieve required financial structure for growth realisation liaising with external advisors. Ensure accurate and timely financial reporting to Board and Shareholders.
- Responsibility for all accounting systems and interface with in-shop systems. Manage dedicated finance team. Deliver ad hoc projects as necessary.

QUALIFICATIONS

- Graduate Chartered Accountant with minimum five years' corporate accounting experience, now at Director level. Multisite retail experience essential.
- Determined entrepreneur with some City knowledge. Familiar with leading-edge IT and retail accounting systems.
- Confident and impressive at highest levels. Dynamic strategist but detail conscious. Charismatic leader with empathy for people, culture and product.

Please send full cv, stating salary, ref BR61002, to NBS, 37 Queen Square, Bristol BS1 4QS

N B SELECTION LTD
a BNB Resources plc company

NBS

Tel 0117 929 1142 • Fax 0117 934 9370
Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

Technology Finance

Head of Department

£60,000 + Bonus & Benefits **South**

World-class, UK market leader expanding internationally. Turnover approximately £1 billion. Substantial investment in digital technology. Developing powerful portfolio of products to high-value market segments. Requires technically-aware finance professional to spearhead financial requirements of Technology division.

THE APPOINTMENT

- Work closely with Technology Director to optimise financial support. Report to Group Finance Director.
- Lead team of Financial Analysts supporting 750-strong Technology division. Provide financial assistance on £1 bn investment programme.
- Maintain intimate liaison between Finance and Technology divisions and with parent group.
- Optimise financial planning techniques and use of tools. Considerable opportunity for advancement.

QUALIFICATIONS

- Qualified Accountant; strong line management abilities; technically aware; blue-chip background.
- Conversant with state-of-the-art tools and techniques; ability to manage change.
- Ambitious and a team player; excellent interpersonal and communication skills; persuasive, creative, an influencer.
- Graduate calibre; 35–45; a relationship builder.

Please send full cv, stating salary, ref LG61005, to NBS, 54 Jermyn Street, London SW1Y 6LX

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a BNB Resources plc company

NBS

Tel 0171 493 6392 • Fax 0171 409 7094
Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

World Class Customer Service

Barclays Direct Loan Services is an arm of Barclays Consumer Lending - a division of Barclays Bank Plc. A pioneer of direct loans through its Barclayloan, Masterloan and Mercantile Credit brands, the Centre handles well over 1.3 million customer calls each year, always aiming to exceed its customers' service expectations. To become a centre of excellence and consolidate their position as a UK market leader in the field, they need high calibre individuals to join the forward thinking management team.

Finance Manager

Package To £40,000 + Financial Sector Benefits + Car **North West**

Reporting to the Finance Director, you will be responsible for providing a full range of financial and MIS services to Barclays Consumer Lending, with the BDLS management team at Wavertree as your major customer. Managing a team of over 60 staff, your responsibilities will include business and finance planning, cost centre and customer accounting, and productivity. You will also play a full role in customer initiatives and contribute as a member of the strategic management team at BDLS.

A professionally qualified accountant is desirable, with strong business planning experience, and a proven track record in developing management information systems and productivity improvement methods. Your communication and interpersonal skills will be of the highest order and you will be totally committed to delivering World Class service to internal and external customers. **Ref: F.T.314.W.**

Customer Accounting Manager

Package To £30,000 + Financial Sector Benefits **North West**

Managing a team of some 50 temporary and permanent staff, your prime responsibility is to ensure the payments to and from your 400,000 customers are processed efficiently, with timely and accurate financial information fed to the Centre.

An accounting qualification would be desirable but you will certainly have sound experience in a similar book-keeping role, coupled with excellent people management skills. Speed of response is clearly critical in this highly competitive environment and you must be totally customer focussed. **Ref: F.T.315.W.**

Financial Modeller

Package To £40,000 + Financial Sector Benefits + Car Warwickshire

Based within Barclays Consumer Lending, you will be providing support, and developing systems for business evaluation and other financial models in the consumer lending area.

Highly numerate, with strong SAS programming expertise, you must have the ability to see business requirements in financial modelling terms and have the commercial awareness and communication skills to interpret large data volumes for the business user.

You will be competent in SAS/Stat, SAS/AF and SAS/FSP components running on both mainframe and pc based systems. **Ref: F.T.322.W.**

All these roles offer excellent career prospects for those with the drive and determination to succeed within this dynamic environment.

Please send a CV to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 0161-839 2000, Fax: 0161-839 0084, quoting the appropriate reference number. *Visit our web site at http://www.topjobs.co.uk*

BARCLAYS

Howgate Sable & Partners — Executive Search and Selection

We are an Equal Opportunities Employer

Coopers & Lybrand

LONDON BASED
£35,000 - £45,000 + BENEFITS

Internal audit consultancy

Coopers & Lybrand is one of the UK's leading accountancy and management consultancy organisations. Our Internal Audit Services Group has developed a reputation for outstanding service to its blue chip client base, and continuing business growth has created a need for further consultants.

Specialising in strategic planning, benchmarking and risk assessment for new and existing internal audit departments, much of the team's work is performed in 'strategic partnerships' with clients, where long term working relationships are fostered.

Suitable applicants will hold a recognised business qualification and have at least two years' experience within the internal review function of a leading plc or multinational.

As well as an outstanding academic and career record to date, candidates must possess proven project management, communication and technical abilities.

These roles also offer product development involvement in liaison with external professionals and other members of Coopers & Lybrand International. Opportunities for career progression, both in the UK and overseas, are therefore first class.

For further information, please contact our recruitment adviser Ken John on 0181 983 6406, or send a copy of your CV to Ken John & Co., Acre House, 69-76 Long Acre, London WC2E 9JH. Fax. 0181 983 0533. Direct applications, including those from other recruitment consultancies, will be forwarded to Ken John & Co. for consideration.

Solutions for Business ○ business assurance ○ business recovery and insolvency ○ corporate finance ○ management consulting ○ tax and human resource advice

Coopers & Lybrand in the UK is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland.

HEAD OF TAX

WORLDWIDE TAX PLANNING IN A FTSE 100 GROUP

SCOTLAND **UP TO £60,000 + FINANCIAL SERVICES BENEFITS**

- General Accident is a UK top three composite insurer with premium income of over £6 billion and 1995 operating profit of £436 million. There are 25,000 employees in operations around the world.
- The current and future developments planned for the business, which include the adoption of a centralised approach to Group tax planning, will provide significant challenges for the finance function and the tax team.
- The widened role of the Head of Tax will incorporate review of the Tax structure of the Group worldwide, the co-ordination of Group wide tax planning and development of Group Tax policies and procedures.
- Ideally a graduate Chartered Accountant/ ATII, candidates are likely to have had taxation experience at a senior level in a major UK company with substantial overseas interests.
- Candidates with recent backgrounds in the accountancy profession or the Inland Revenue will also be considered. Experience with a major insurance group would be advantageous.
- In addition to high level technical expertise, the candidate must have excellent communication and influencing skills, with the ability to work effectively at all levels within the organisation.

GA General Accident

Please apply in writing quoting reference 1244
with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co uk/whitehead

Whitehead SELECTION — A Whitehead Mann Group PLC company

MORGAN STANLEY

City Tax Advisor

Canary Wharf, London

£Excellent and Benefits

For further information on this opportunity contact Jim Birtwell on 0171 415 2800, or write to him at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. Evenings and weekends 0171 622 0900.

Morgan Stanley is a leading investment bank offering a complete range of sophisticated financial services from a network of nearly 30 offices in 19 countries around the globe. The European Tax Department is based in London and focuses on Europe (including Eastern Europe), South Africa and India. Advisors work closely with the business units, researching the impact of taxation on proposed transactions and highlighting the opportunities which subsequently arise. Sustained growth has created a new role within this dynamic team. In conjunction with a senior advisor, you will:-

- Advise traders on the application of international tax rules to new products.
- Identify tax advantaged structures and trading strategies in new/existing markets.
- Gain a broad insight into other business streams within Morgan Stanley.

This is an outstanding entry-point into a world-leading investment bank for a young accountant or lawyer with at least 3 years' tax experience. Exposure to financial services would be ideal, but not essential as Morgan Stanley encourages individuals with a generalist background to apply. Your personality should combine strong communication skills with a positive outlook on life and the ability to *think laterally.*

BREWER·MORRIS — TAXATION RECRUITMENT SPECIALISTS

To £70,000 package + benefits *Multinational Telecoms* *South East*

Finance Director

Sparked by dramatic growth and commercial success, the largest UK division of this major international company is reorganising to ensure continued high quality service is provided to its customers. Operating in this dynamic, multi-billion pound sector, two director level finance professionals are sought to help drive the performance of the resulting new business units, converting challenging opportunities into profitable reality.

THE ROLE

- Reporting to the Managing Director, providing financial direction, information and advice, spearheading initiatives for margin enhancement and maintaining rigorous cost controls. Leading and developing a high quality, lean team.
- Fostering a TQM culture within the department, identifying and implementing continuous improvements to position the business for further growth.
- Key member of senior management team responsible for achieving business targets. Contributing to a broad range of business issues, including liaising with major customers. Forging strong working relationships with peers and international colleagues.

THE QUALIFICATIONS

- Graduate, qualified accountant with an outstanding track record of managing a full range of financial activities in a complex organisation. A background in matrix managed, high technology businesses ideal.
- Experience of a progressive international business with commercial approach and strong customer and quality focus. Commitment to TQM principles essential.
- Results-oriented change manager with multicultural perspective and experience. Possessing excellent influencing skills; able to perform effectively in a non-hierarchical environment.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe — Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F4001061, 16 Connaught Place, London W2 2ED

Senior Finance Manager

COMPETITIVE SALARY WITH FULL EXPATRIATE BENEFITS **DUBAI**

The first Senior Finance Manager for Sun Microsystems in the Middle East region, your appointment will reflect our continued rapid growth and the successful consolidation of our operation in this area. Reporting to the General Manager of the Region, and to the Director of Finance based in Geneva, you will take the key responsibility of managing all financial functions and processes including:

- financial planning and analysis
- financial and management accounting (including P&L)
- financial modelling and reporting
- financing and credit processes and instruments
- Business Partner to Sales Operations

Ideally a qualified accountant with 5+ years' post-qualified experience, you will have been part of the management team within a corporate environment. You must have a sound knowledge of all the above processes, as well as strong software application skills including Lotus 1-2-3. A knowledge of the computer industry would be a distinct advantage.

You must be sufficiently motivated to achieve results both individually and as a key member of the regional team. This role will grow as the region grows, and therefore represents an excellent career opportunity for an experienced and dynamic individual.

To apply, please send your CV to Paula Hammett at Sun Microsystems Ltd., Watchmoor Park, Riverside Way, Camberley, Surrey GU15 3YL. Alternatively, fax your CV on 01276 686735 or email Paula.Hammett@uk.sun.com

INVESTOR IN PEOPLE

Sun microsystems — THE NETWORK IS THE COMPUTER™

Group Finance Director

Substantial package **London**

Prism Rail plc was formed in 1996 specifically to pursue the opportunities afforded by rail privatisation. Listed on the Alternative Investment Market, the company has a 15 year franchise to operate the LTS (London, Tilbury and Southend) rail service and has recently won two further franchises for South Wales and West Railway and Cardiff Railway. Prism's founder Directors remain committed to and are confident of acquiring further franchises in the future.

Reporting to the Group Chief Executive you will have full responsibility for the Group's financial affairs with particular emphasis being placed on financial control and treasury management. Working in conjunction with the Chairman, Chief Executive and other Directors you will play a key role in the maintenance of critical business relationships, including shareholders, institutions and providers of finance and will be expected to contribute strongly to the growth, future development and success of the business.

A commercially astute graduate FCA, preferably big six trained, you must have a progressive career profile which includes significant experience of contributing to or advising at plc Board level and the development of positive City relationships. You must be credible at the highest level, technically strong and have a flexible hands-on approach. Exposure to treasury management and corporate finance would be helpful.

Applicants should write in confidence with full career details and quoting reference MD5049 to our advising Consultant, David Lloyd, Macmillan Davies, Salisbury House, Bluecoats, Hertford SG14 1PU. Tel: 01992 552552. Fax: 01992 505301.

PRISM RAIL PLC

BE DYNAMIC.
BE INTERNATIONAL.
BT *Global Communications.*

Global Opportunities for Qualified Accountants

PACKAGE £35-45K+BENEFITS

BT is a £14 billion company that is rapidly becoming the leading player in the international telecommunications market. Global Communications (GC) established in 1994, is the fastest growing division in BT and has been successfully spearheading this global expansion. GC and its subsidiaries and joint ventures now employ around 10,500 people in 30 countries around the world.
We are currently looking for a number of young, dynamic qualified accountants to provide first class financial control and support across the division at a number of levels:

FINANCIAL ANALYSTS. To provide financial control and support to the Market Development, Service and Solutions and Product Launch teams. In addition, you will provide financial and commercial input into business proposals and support the launch and pricing of new products and services. For these roles you will need to demonstrate outstanding financial analysis skills.

FINANCIAL ACCOUNTANTS. These high-profile roles will involve the preparation of GC's management performance reporting and will cover both actual results and projections. You will also be involved in extensive liaison with GC units to ensure timely submissions and detailed reviews to confirm accuracy of results.

MANAGEMENT ACCOUNTANTS. Responsibilities here will focus on the provision of high quality financial analysis to parts of the business. You will also cover the full range of monthly reporting activities encompassing consolidation of actuals and drafting of Divisional reports and forecasting, all to strict timetables.

For all roles you will need to be a commercially-minded, qualified accountant looking for a rapid-track career in a fast-moving, complex business. We are looking for committed, ambitious individuals with a positive, 'can-do' attitude, excellent communication skills and your sights set firmly on progressing your future career. Knowledge of the telecomms market and international experience would, naturally, be an advantage but are not a prerequisite.

Initially, all roles are based in London, but international secondments are guaranteed for the right individuals and you must be willing to travel from the outset.

To take your application further, please telephone our advising consultants Julie Skidmore or Karen Wilson at Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY on 0171 430 9000 for an initial discussion. If you are successful, you will be invited to an open evening in London with the Heads of Finance for GC, which forms the next stage of the selection process.

BT
Global Communications

We produce **something** in 6 countries that creates **nothing** in a further 60

No wonder we're looking for more **financial** wizards

EDWARDS BOC

Sussex/Sussex Coast
£30 - £40k + car + benefits + relocation

As world leaders in the provision of vacuum pumps and systems, Edwards High Vacuum International are specialists in creating nothing. Our technology plays an integral part in a wide range of manufacturing processes and we are of vital importance to the semi-conductor, science and pharmaceutical industries.
We're part of The BOC Group, one of only a handful of truly global companies based in the UK. With a track record of high quality engineering and first-class products, we're now looking to set new standards in our finance department.
A number of opportunities exist for high calibre professionals to work in the following areas:

Financial Accountant, Crawley
Commercial Management Accountant, Crawley
Finance Managers, Eastbourne & Crawley

Everyone must be capable of bringing in quality systems and effective financial management. Everyone will be an agent of change and will be expected to multi-task - you will need an exceptional academic track record with a personality that is dedicated, focused and articulate. Ideally you'll have already worked in a manufacturing arena and will have at least two years' post-qualification experience. IT skills are essential as you will play a key part in the development of the MIS strategy.
These are high profile roles with a great deal of autonomy which could lead to worldwide career progression within The BOC Group.

If you feel you possess the personal and professional qualities we require, please forward your CV and current salary details, with home and business telephone numbers, to Jane Lovell, Director at Cooper Lomaz Recruitment, St Edmunds House, Lower Baxter Street, Bury St Edmunds, Suffolk IP33 1ET. Alternatively please call her on 01284 701302 or fax 01284 701306.
All applications are handled in complete confidence. All direct responses will be forwarded to Cooper Lomaz Recruitment.
Interviews will be held nationally.

cooper lomaz recruitment

Recently Qualified Accountant
Investment Management Compliance

Global Asset Management (GAM) manages over $9 billion on behalf of private, intermediary and institutional clients from nine offices worldwide.

As a member of the London compliance team, the person appointed will contribute to the development of the company's successful UK and international operations. Principal tasks include compliance monitoring, the provision of regulatory and operational advice and special project work.

Candidates are likely to be recently qualified accountants who would like to pursue a career in securities regulation and administration. Although knowledge of investment management is not essential, experience gained in financial services auditing would be an advantage.

A constructive, team-minded approach and strong communication skills are important, as the candidate will be working closely with senior personnel in a rapidly growing business.

If you would like to be considered for this position, which offers an attractive salary and excellent career development opportunities, please write in complete confidence to:-

I M R

IMR Recruitment Consultants, No.1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel: 0171 872 5447).

INVESTMENT MANAGEMENT RESOURCES

APPOINTMENTS WANTED

Developing Your People & Your Firm
Highly respected & successful CA,
big 6 background, seeks senior position developing your people and your Firm. Outstanding track record in getting results. Full or part-time contract.
Write to: Box A5705, Financial Times, One Southwark Bridge, London SE1 9HL.

GROUP FINANCE DIRECTOR
A1/M25 **package c£100k**

OUR CLIENT IS A WORLD LEADER in professional electronics. Its diversified manufacturing & distribution division, based in the UK, manages 30 subsidiary companies across Europe, USA and the Pacific basin. Rapid and sustained growth has been achieved both organically and through acquisition. The Group Managing Director now needs a commercial N°2, both to tighten the reporting structures and, longer term, to be his stimulating companion in the further development of the group.

A FULLY-QUALIFIED PROFESSIONAL, you will already be in a senior finance role in a diverse & acquisitive manufacturing group with an international spread. You should have experience of systems development; and a knowledge of UK, US and European accounting conventions would be useful. Strong participation at both strategic and tactical level in an intellectually-demanding business culture is essential.

YOUR PROFILE WILL SHOW high levels of critical and verbal reasoning; and you will be data-rational, detail-conscious and controlling by nature. A good command of German would be an advantage.

TO REGISTER YOUR INTEREST, please write or fax with full CV and latest earnings to Andrew Harter at the address below, quoting reference 96011.

ANDREW HARTER *MANAGEMENT*

Tithings New Barn · Swalcliffe
Banbury · Oxfordshire · OX15 5DR
Telephone 01295 788001 · Fax 01295 788002

INTERNATIONAL ACCOUNTANTS
LINGUISTS AND NON LINGUISTS

The following positions require accountants with up to 5 years post qualification experience.

OVERSEAS

Dusseldorf Major UK group setting up fast track audit team. German required.

Brussels Assistant Group Controller within pharmaceuticals industry. Newly qualifieds for audit and consultancy roles.

Warsaw Financial Controller - FMCG Group. Consultants for East/West venture.

Paris 50% travel - operational review/business consultancy. High technology group.

Berlin PA to FD - Special Projects, manufacturing industry German/Eastern European languages useful.

Far East Singapore - Financial services, Shanghai - Financial Controller. Hong Kong - Asia Pacific Audit Manager. Mandarin/Cantonese preferred.

Moscow Controllership, newly qualified analysts + tax accountant - Foods and Drinks industry. Audit Manager and auditors involving FSU travel - FMCG Group.

Geneva French speaking Finance Manager - International Research Consultancy. Additional languages useful.

UK

Surrey Business development manager for retail travel group. UK and overseas travel 60-70%. c£35,000 + Car.

Bedford Commercial Analysts for new business unit. European travel - languages useful but not essential. To £35,000 + Car.

M4 Corridor Corporate Strategy. Competitor and Brands Analysis. Recently qualified. International career path. £30,000-£35,000.

City Special Projects, US Investment Bank, 50% travel. French, German or Italian useful. £35-45,000 + bank benefits.

Home based Leisure industry - international business review 70% travel. Spanish required. c£30,000 + package.

City High profile international project finance role within media services group. Industry experience preferred. £40-45,000 + attractive benefits.

C London Acquisitive market leading FMCG group - European strategy and advisory role. 40% travel. French or Spanish preferred. c£30,000 + Car.

West London Business review/European development. - leading multinational. c£32,000 + benefits.

WARWICK MCLINTOCK LTD • SEARCH AND SELECTION
EBC HOUSE, KEW ROAD, RICHMOND, SURREY TW9 2NA
TELEPHONE: (+44) 0181-940 4900 FACSIMILE: (+44) 0181-940 6524 OUT OF HOURS: (+44) 0181 943 0775

Tax Manager

London WC **c £45,000 p.a.**

The incumbent is about to retire after nearly 20 years as tax manager of this small, prestigious practice. He is qualified, ex Revenue and an all rounder, equally at home with the tax affairs of substantial individuals as with an expanding corporate business in direct and indirect taxation.

Candidates must be mature, well balanced tax professionals. The partners must be persuaded that you are a capable departmental manager with a clear understanding of the commercial needs of the practice. They will expect that your experience has stretched beyond compliance into strategic areas. You will be used, of course, to dealing at the highest levels. You will have long ago recognised the need, sometimes, to be authoritative. And a coincident need for some charm and occasional humour.

For the right individual there may well be the prospect of an eventual partnership. There is ample precedent within the practice.

CVs please and a letter underlining your match with our clients' need to: **John McManus**, ref: TM/FT, C&M Search & Selection, 72-75 Marylebone High Street, London W1M 3AR

Courtis & McManus
Search and Selection

APPOINTMENTS ADVERTISING

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.

For further information please contact:
Toby Finden-Crofts
+44 0171 873 3456

'Education for everyone'

Rugby College of Further Education is the largest provider of education and training in its area, employing 350 staff and turning over in excess of £7m per annum. Having undergone a major reorganisation 12 months ago the college is now facing new challenges in the Finance, Personnel, I.T. and Estates functions and so is looking to make the key appointment of

DIRECTOR OF COLLEGE SERVICES
Circa £40,000 plus benefits.

THE ROLE:
- Creating and communicating a clear vision of the future development of college services.
- Leading, managing and developing a talented multi-functional team.
- Providing advice on legal, statutory and financial matters to the Principal, Managers and Governors.
- Contributing to the ongoing strategic plan for future development.
- Reporting directly to the Principal and a member of the College Executive.

THE PERSON:
- A qualified accountant possessing a broader or secondary professional qualification.
- An inspirational leader and team player with excellent interpersonal and communication skills.
- The ability to achieve a positive balance between fiscal needs and people matters with a commitment to Investors in People.
- Commercially minded with the knowledge and ability to grasp other professional areas.
- At ease operating in different functions within a changing environment.

For an application form and job description please telephone (01788) 538525 or write to the Personnel Manager, Rugby College, Lower Hillmorton Road, Rugby CV2 3QS. Closing date for applications 25th October.

Rugby College of Further Education is working towards Equal opportunities, committed to IIP, and provides education to the local community.

HCI
HOLLAND CHEMCIAL INTERNATIONAL bv

HCI is a privately owned multinational group of companies involved in distribution, storage, trading and the shipping of industrial chemicals. With operations throughout North, Central and South America, Canada and Europe, the group is highly profitable and continues to grow via acquisition.

The company now seeks two ambitious individuals for the following operations.

Corporate Analyst
Houston, Texas

3-5 yrs pqe **$Highly attractive**

Due to international promotion to Regional Controllership, HCI are seeking an analyst to be based at their Worldwide Headquarters. Influencing change, the role will focus on the analysis of financial statements, budgets, capital expenditure and preparation of consolidated accounts to tight deadlines. In addition, there will be opportunities for project management and assisting the Worldwide Controller on challenging special assignments.

Finance Manager
Bermuda

Recently qualified **$ Tax free**

Reporting to the Worldwide Controller in Houston, this opportunity is an ideal springboard to an International career. Managing two staff, the role involves liaising with Houston and South American commercial managers on a daily basis with responsibility for a broad portfolio of financial and commercial issues.

Candidates should offer some ability in Spanish together with sound business acumen.

Candidates should be qualified accountants aged 25-33 able to demonstrate excellent communication skills and aiming for career advancement on a global basis. Highly competitive salaries and packages will be offered to successful candidates.

WARWICK MCLINTOCK LTD • SEARCH AND SELECTION
EBC HOUSE, KEW ROAD, RICHMOND, SURREY TW9 2NA
TELEPHONE: (+44) 0181-940 4900 FACSIMILE: (+44) 0181-940 6524 OUT OF HOURS: (+44) 0181 943 0775

Hays Accountancy Personnel

General Manager
Customer Operations

North Kent

To £40,000
+ Bonus + Benefits

The Organisation

The LCCI Examinations Board, one of the largest international awarding bodies for business qualifications world-wide, is creating this exciting role for a General Manager for the Customer Operations Division. We are continually developing our product base and expanding our markets. The Customer Operational Division supports the expansion by managing all production and operational activities. LCCIEB is a registered charity (No: 1986).

The Role

Reporting to the Chief Executive and working closely with the Board, you will be responsible for:

- Medium/long term planning, budgeting and forecasting.
- Devising and implementing effective operating and information systems.
- Developing and managing a dedicated internal and external teams in a fast moving environment.

The Appointee

A qualified accountant or business graduate with a relevant business degree, you will have experience of and a natural flair for developing IT and procedural systems and your outstanding communication and managerial skills will be required to manage and motivate staff at all levels. You will be capable of rising to the very highest level of the organisation.

To apply please write enclosing your CV and current salary details to Mark Turner at Hays Accountancy Personnel, 33 George Street, Croydon CR0 1LB. Tel: 0181 288 0885. Fax: 0181 251 0699.

Finance Director

c£47,000

Threshold Tennant Trust is a thriving housing [illegible] approximately 4,000 homes for single people and fam[illegible] Surrey.

With an asset base of around £20[illegible] capital expenditure of over £25 million [illegible] turnover of approximately £13 million we are [illegible] for further investment and growth.

With responsibility for the financial [illegible] Trust, this is a crucial role where you will be [illegible] effective contribution to the development of the Trust [illegible] strategy, policies and business plans. Professionally qualified (one of the main accounting bodies) with at least [illegible] years' post qualification experience you must have experience of negotiating and managing a substantial loans portfolio. Experience of capital project assessment, risk appraisal and overseeing the development of management information systems is also essential.

The ability to lead, motivate and direct staff at senior level is vital, so good communications skills are required, as is the ability to nurture and foster excellent working relationships with Bankers, The Housing Corporation and other funding bodies.

For further details and an application form please contact Threshold Tennant Trust, [illegible] Garratt Lane, London, SW18 4SN. Telephone 0181 871 3178 (24 hour answerphone) Please quote job ref. No. [illegible]. Closing date: 22 October 1996.

Threshold is committed to equal opportunities in employment and candidates will be considered on their ability to do the job irrespective of their race, gender, sexuality, age or disabilities.

Threshold Tennant Trust

Our client, with a turnover of £56 million (1996), is one of the largest and most successful cable franchise operations in the UK. Since its inception in 1990 they have invested over £300 million, in the development of one of Europe's most advanced broadband networks.

They now have the necessary infrastructure to ensure rapid and sustainable growth up to the millenium and beyond.

Finance Controller
West Midlands to £45,000 + car + bonus + relocation

As a result of internal promotion they require a Finance Controller who will have the following key responsibilities:-

- **line management responsibility for 20 staff;**
- **commercial appraisal of new business opportunities;**
- **treasury management;**
- **involvement with the implementation of a major new accounting system.**

Ideally aged 28 - 35 years old, you will be a qualified accountant, of graduate calibre, and you must be able to thrive within an extremely exciting and demanding environment.

They offer an excellent package, including relocation if required, with defined career opportunities (you will be expected to be ready for promotion within two years) within one of the fastest growing companies in the Midlands.

Suitably qualified candidates should send a full curriculum vitae, outlining your current package to David Greenwell, Executive Division, Greenwell Gleeson Associates, 52 St Pauls Square, Hockley, Birmingham B3 1QS.

GREENWELL & GLEESON associates

Audit & Business Advisory Services

An outstanding opportunity for experienced Audit Managers in the West Country

PW in Bristol • £attractive

Price Waterhouse has been established in Bristol for over 25 years and, as a result, has a high profile in what is widely seen as one of the most attractive business locations in the country. With over 200 staff, we are perfectly placed to serve business in the area. Our clients span a wide range of industries from high-tech to heavy manufacturing, from charities to financial services, and include leading public companies, multinationals and owner-managed businesses.

Demand for our services is expanding rapidly, due to the increase in advisory and investigation work alongside our audit relationships but also through the need to serve new clients, particularly in the financial services industry.

We therefore need to add a small number of high calibre individuals to our resources, particularly at Manager and Senior Manager levels.

A qualified Chartered Accountant with a minimum of two years' post qualification experience, you will have a sound audit training and be looking to combine this with a range of special work such as due diligence, public company transactions, risk management or other investigative projects. You may have spent time with another major audit firm or in industry but, whichever of these is the case, you will be ambitious, a clear communicator and ready to accept a challenge.

In return, we will offer you exposure to leading edge methods, top-tier clients and a highly attractive remuneration package. Prospects for promotion are excellent and can include admission to partnership for the very best.

Interested candidates should contact Simon Chapman at:
Price Waterhouse, 31 Great George Street, Bristol BS1 5QD.

Price Waterhouse
Your world of opportunity

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

A GROWING CONCERN!

HOUSING ARAWAK WALTON ASSOCIATION

Arawak Walton is the major African-Caribbean housing association in the North West, with a concern to meet the housing needs of the black communities in Manchester, Oldham and Trafford.

We have an exciting programme for expansion, having already grown rapidly, and now seek to recruit additional high calibre staff to help lead us into the year 2000 and beyond. This is a key appointment for us and completes our Senior Management Team.

Arawak Walton aims to be an equal opportunities employer; it particularly welcomes applicants of African-Caribbean origin.

Head of Finance Package c.£30k

To undertake strategic financial planning, risk management, financial services, management information systems and internal audit. Accountancy qualifications, staff management experience, and experience of managing a loan portfolio are essential.

For an information pack and application form, please contact:

HACAS Recruitment
United House
North Road
London N7 9DP
Tel: 0171 609 9491

Closing date for applications: Friday 25 October 1996

HACAS

REED ACCOUNTANCY PERSONNEL

FINANCIAL CONTROLLER

SW London Base **c£35,000 + car + benefits**

Our client, a fully listed multi-site service organisation with a turnover of £150m seeks an experienced accountancy professional to join their Finance Department.

Reporting to the Finance Director, your main responsibility will be to co-ordinate and manage the accounting operation, taking a 'hands-on' approach within a high transaction, multi-profit centre business.

To meet the challenge you will:

- be a graduate with a 2.1 (or equivalent)
- hold a professional qualification - ACA, ACCA or ACMA
- have a minimum of two years post qualification experience in commerce
- have good technical experience in group accounting, taxation and treasury
- be IT literate, with extensive experience of spreadsheet modelling
- be comfortable working with deadlines, pressure and change
- be able to communicate with all levels of staff
- have experience or interest in working in a "Service" organisation and accordingly recognise the demands of a customer focused business

If you feel you have the presence and personal stature required for this role, please send your CV, stating your current salary, to: Sarah McLaughlin, Senior Business Manager, Reed Accountancy Personnel, 76 High Street, Guildford, GU1 3HE.

For over 1,000 jobs visit the Reed website:
http://www.reed.co.uk/accountancy

Financial Controller

Northwest Based £35,000

Our client is a major international food manufacturer with globally recognised brand names and an impressive record of success. As part of the continuing strengthening of the finance team, they currently seek a highly ambitious, experienced individual for the key role of Financial Controller. Reporting directly to the Operational Director, the Financial Controller has complete responsibility for all Head Office factory finance, including report writing, strategic planning and performance appraisals.

The ideal candidate will possess:

- *CIMA qualifications and a degree*
- *A proven track record of success in an FMCG environment*
- *Excellent man-management and presentation skills*
- *The potential for development to Finance Director*

This high profile role requires an individual with energy, a dynamic personality and the ability to think on their feet.

To discuss this opportunity in total confidence, please contact Jo Coombs or Anita Allison on 0161 831 7127. Alternatively, send your CV to them at the address below.

PSD

FMS Finance and Accountancy Recruitment

Amethyst House
Spring Gardens
Manchester M2 1EA
Tel 0161 831 7127
Fax 0161 832 9123
Email fmsm@psd.co.uk

INVESTOR IN PEOPLE

IT Appointments

RISK – Professionals

AMS Management Systems

AMS's business is to partner with clients to achieve breakthrough performance through the intelligent use of information technology. AMS is a business and information technology consulting firm that provides a full range of services: business re-engineering, change management, systems integration and systems development and implementation. AMS, which completed its 26th consecutive year of growth, has 6,000 consultants working in 47 offices worldwide. AMS's European revenues have grown at an annual rate of 97%, making the firm the fastest growing consultancy in Europe.

The RISK practice of AMS is focused on larger financial institutions. Through our 10 European offices, we assist our clients with a range of consulting services that help bridge the gap between best practices finance theory and current state. Our expertise includes mathematical concepts, organisational design, risk controlling and information technology.

Positions are now available to work initially in Europe on the design and implementation of Global Risk Management Systems. Our culture is driven by producing measurable results for our clients. We interface with all levels of the client organisation. We deliver a range of tangible benefits such as data warehousing, VAR reports, risk engines and change management programs.

LONDON ◆ FRANKFURT ◆ AMSTERDAM

Senior Business Analysts

Packages to £40-60,000

Senior Business Analysts must be able to show strong structured analytical experience preferably in an Object Oriented environment with an understanding of how large financial organisations identify and control risk. A good grasp of one or more of the following product areas is required: Fixed Income, Equity, Money Market and Foreign Exchange.

You will have at least two years' experience of a number of front office trading systems with six months+ in front/middle office. In addition, a strong statistical background is required to assist in the definition of risk management methodologies.

Interviews will be held in Frankfurt, Dusseldorf, Munich and Amsterdam during September and October.

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QI QUESTOR INTERNATIONAL

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Flawed 'Rake' with a social conscience

Andrew Clark reports on the controversial Peter Sellars production which inaugurated Paris's Stravinsky festival

Surprise, surprise – Peter Sellars has transposed *The Rake's Progress* to contemporary America. In a new production of Stravinsky's opera at the Châtelet in Paris, the ne'er-do-well Tom Rakewell becomes an innocent victim of California's criminal justice system. Incarcerated in a spotless state penitentiary, he is bullied by a fellow inmate (Nick Shadow), beaten up by prison guards (roaring boys and whores), raped by a female supervisor (Baba the Turk) and driven to dementia – from which even the compassionate gaoler's daughter (Anne Trulove) cannot save him.

The underbelly of American society – the homeless, the underprivileged, the downright cranky – is an all too familiar leitmotif of Sellars productions: think of the Malibu beach house *Pelléas*, the urban down-and-outs of *Mathis der Maler*, the Wacko *Theodora*. Sellars has a social conscience, and reckons it is time European audiences wised up on the sickness of American society. What happens in the US happens in Europe 15 years later – right?

This is a useful subject for discussion, but it has no place in an opera house. You cannot take every major work in the repertory and treat it like an allegory of American society. One or two plots can sustain it, but most will not, and the results become increasingly predictable, not to say boring. This is where we now find ourselves with Sellars. When a director uses a great work of art as a vehicle for his own narrow political agenda, he diminishes the work and patronises the audience. Why do opera house managements continue to employ him?

I'll tell you why. Sellars knows what he wants and how to achieve it – in stark contrast to all those run-of-the-mill directors who either come to rehearsals unprepared, or cannot communicate their ideas. Sellars has charm, and people love working with him. However flawed in conception, Sellars's *Rake* was brilliantly executed by a cast who knew exactly what they were doing. And Sellars is more than just a smooth operator. He is "controversial", he searches for "contemporary relevance". These are sure signs, in the eyes of some opera house managements, that they are doing their job well.

But where does this leave the poor composer and librettist – not to mention the audience, who are left trying to reconcile Sellars's obsessive American iconography with the opera they know and admire? The Châtelet *Rake* made nonsense of Stravinsky's great morality play. In a monotonous grey setting of prison grilles and uniforms (Adrianne Lobel and Dunya Ramicova), there was no sense of "progress" (i.e. descent into the moral abyss), nor the slightest glimpse of irony or ambiguity. Once you had seen the first scene, with its truncheon-wielding violence, you had seen the lot. None of the relationships stood up – least of all Shadow's with Tom; and the urbane poise of Auden's libretto might as well have come from Mars.

More's the pity, because the performance was a musical feast. Inaugurating a Stravinsky festival in the theatre which gave birth to *Le sacre du printemps*, it benefited enormously from the stylistic assurance and technical virtuosity of the Los Angeles Philharmonic under Esa-Pekka Salonen. Stravinsky's score has rarely sounded so bright and brittle – or so American. Los Angeles was, after all, where Stravinsky conceived and wrote it, and Salonen left us in no doubt about its rhythmic wit, its sweet tunes and Barber-esque harmonies.

When a director uses a great work of art as a vehicle for his own political agenda, he diminishes the work

As Tom, Paul Groves went about his hapless task with diligence and vocal conviction – though it was hard to tell from this production whether he has the right blend of innocence and insouciance for the part. Dawn Upshaw's Anne was purity personified, while Donald McIntyre gave a noble portrait of Trulove-cum-prison governor. Denyce Graves's beardless Baba, in sumptuous voice, was sexier than her Carmen. And in a production which completely traduced the role of Shadow, Willard White did his mighty best.

The rest of the Stravinsky festival should bring more satisfying results: the Salzburg production of *Oedipus Rex* follows next month, and Pierre Boulez will conduct *Le Rossignol* in January.

In the meantime, Boulez has been complaining again about the supposed inadequacies of the Paris Opéra – at the very moment when it is finding its feet after years of industrial strife. Having poured taxpayers' money into his underground research warren at IRCAM, the results of which few will see, Boulez has the gall to carp from the sidelines about the Opéra's lack of "creativity". The Opera's programme may not be flashy *à la Châtelet*, but at least it is serving the public.

That just about sums up the Opéra's new production of *Hippolyte et Aricie*. Notwithstanding concurrent performances of *La bohème* and *Rigoletto* at the Bastille, Rameau's great *tragédie lyrique* has enjoyed a sell-out run at the Palais Garnier. It is an important work to keep before the French public, not just because of the powerful emotions it expresses, but because it laid down stylistic markers which were to influence Gluck and Berlioz. These pre-echoes were well to the fore in William Christie's sparkling account with Les Arts Florissants.

Christie helped to establish this work's modern reputation when he conducted it at the Opéra-Comique in 1985. Two years later came the landmark production of Lully's *Atys*, staged by Jean-Marie Villégier. Their latest collaboration is less fruitful. Once again, the opera is set in the period in which it was written, but the effect is less striking, partly because the Palais Garnier has a bigger stage, and partly because the decor is more diffuse. Villégier and his designers, Nicolas de Lajartre and Patrice Cauchetier, vary the pace and setting – there are no fewer than 300 costumes – but the performance is not without its longueurs.

Ana Yepes's choreography of the dances, which form such an integral part of the work, struck me as being a very 20th-century view of the past. But the most serious weakness lay in the casting of the principal roles. The advantage of young singers in this music is that their voices are more flexible; the disadvantage is that they lack the personality to project their parts. Thierry Félix's Theseus made a handsome figure, but the part was too low for him. In the title roles, Annick Massis and Paul Agnew were a modest pair of lovers, while Eirian James's Diana was spirited but underpowered. Isabelle Vernet's Phaedra, looking like a wicked witch, alone cut a distinctive profile.

Doing their mighty best: Willard White as Nick Shadow (top) and Paul Groves as Tom Rakewell, conducted by Esa-Pekka Salonen

Theatre

Women of a certain age

The most popular person in Ireland is not President Mary Robinson or the manager of the Irish football team but Daniel O'Donnell, an angelic looking country and western singer from County Donegal. O'Donnell, all twinkling smiles and folksy charm, regularly tops the charts and has a growing following on both sides of the Irish Sea.

Women on the Verge of HRT, performed by the Belfast based DubbelJoint Productions company at the Playhouse, Londonderry, centres on two Belfast women who travel to Donegal to worship at the O'Donnell shrine. Marie Jones, who wrote the play, is the angry Vera, deserted by her husband for a 25-year-old.

The humour is pure Belfast, wonderfully dour and cutting. "If I ran off with a man 25 years younger I'd be called a whore," spits Vera. Yet people admire her ex-husband. "It's just not fair," she screams.

Anna, played by Eileen Pollock, tries to calm Vera down. She admits that the schmaltzy O'Donnell is a substitute for the loneliness of her own marriage. She suggests Vera gets a cat. Or perhaps she needs help with "the change"?

Vera refuses to give up, to say no to sex and to life. "Why do people find the idea of elder women and sex somehow distasteful?" she asks.

With its biting comic lines and songs, *Women On the Verge of HRT* could easily descend into farce. But tension builds as the two women confront the other people in their lives, summoned by the banshee, the howling harridan of Irish folklore. "You have made me invisible," says Anna to her uncaring husband.

All the subsidiary roles, from the bumbling hotel waiter to husbands, young wife and distraught neighbour, are played by Dessie Gallagher, a young actor with an obvious wealth of talent. His impersonation of O'Donnell, complete with singing stroll and kisses round the theatre audience, is particularly memorable.

The play tackles an unfashionable subject head on, with humour and pathos. The mood, in the end, is defiant. Vera and Anna sing a closing song:

"We won't go easy, we'll go on protesting./ No sex hospice for us, we're still up to scoring./ We may be over 40, but we can still sin, sin, sin."

Kieran Cooke

At the Playhouse, Londonderry, then to the Pavilion, Glasgow from October 7 to 12. It is due to open in the near future in the West End.

The Tate on a Heritage high

Important acquisitions have been announced, reports Antony Thorncroft

The Tate Gallery in London has acquired its most important collection of works of art for half a century, thanks to £3.77m provided by the Heritage Lottery Fund. The Paul Oppé collection consists of around 3,000 works on paper, mainly British watercolours and drawings. Its great strengths are landscapes of the late 18th and early 19th century by artists such as Richard Wilson, Francis Towne, John Robert and Alexander Cozzens and Richard Bonington. In all the collection is valued at £5m and was sold by the heirs of Oppé, who died in 1957.

Nicholas Serota, director of the Tate, also announced yesterday that Janet Wolfson de Botton, one of the top three collectors of contemporary art in the UK, was to give the gallery 58 works by such artists as Warhol, Stella, Gilbert & George, Andre, and Richard Long. The gift is valued at £2.3m. Many of the works will find a home in the new Tate Gallery of Modern Art, which is planned to open on Bankside in May 2000.

The Tate is on a high at the moment, which makes it attractive to sponsors. Next week it opens its Grand Tour exhibition, sponsored by the Prudential, the company's first major foray into the visual arts. The Pru is putting around £250,000 behind the show, and will hold the Prudential Award for the Arts, the biggest competition of its kind with a £100,000 prize for the winning company, at the Tate, on October 17. It is no surprise that the boss of the Pru, Peter Davis, is a committed supporter of arts sponsorship.

The Tate is currently digesting the impact of its last major exhibition, Cézanne, sponsored by Ernst & Young earlier in the year. It attracted the largest audience for a Tate show, 420,000, and recorded the highest recognition factor for a sponsor. 71 per cent of visitors recognised that Ernst & Young was backing it, and 52 per cent had kind thoughts about the accountants. Ernst & Young was so happy with its £1m investment, which included inviting 7,000 guests to private shows, that it is considering sponsoring the next big show at the Tate, Bonnard in 1998. It got 100 per cent acceptance on its invitations for Cézanne soirées and gained new business as a result.

★

Meanwhile Glaxo-Wellcome, boosted by an FT-ABSA Award for its involvement in the arts last year, is taking another dip. It is putting £70,000 behind *Treasures for Everyone*, an exhibition of 200 art works saved for the nation with the help of the National Arts Collections Fund. The show takes place during the close season at Christie's in January 1997, and will include works by Turner, Hockney, Stubbs, Spencer, Lowry and many more Masters old and new.

★

One area of sponsorship which continues to grow is help for schools and for children. Sainsbury has been dominant in this area for many years and has just announced the fourth year of its *Pictures for Schools* scheme, which sends six, high quality, framed reproductions of masterpieces chosen by Timothy Clifford, director of the National Galleries of Scotland, into 1100 schools. By the end of 1996 works by Poussin, Pisanello, Van Dyck, Stubbs, Matisse and Ernst will be on the walls of over 4,860 primary and secondary schools. The scheme costs around £250,000 a year, and will continue while there is a demand.

Another company prominent in this field is TSB, which has just launched, at a cost of £150,000, *First movement*, which will introduce thousands of children to classical music with visits to the classrooms by musicians from leading orchestras, and the opportunity for school parties to attend concerts by the BBC National Orchestra of Wales, the RPO, the LSO, the CBSO, the Hallé, and the Royal Scottish. It follows on from the successful launch of *First visit*, which took children into art galleries: 5,000 visited the National Gallery in London alone, their transport paid for by TSB. Next year it is the turn of drama with *First act*, involving the National Theatre.

★

Bayer, the German chemicals giant spends over £30m a year on cultural and sporting sponsorship in Germany. Its equivalent expenditure in the UK is tiny but growing, thanks to the Bayer Earth Art Award, worth £10,000 to the winner.

It is open to artists under 35. The theme is the environment and the plan is to make the competition Euro-wide.

★

Rank-Xerox is to back The King's Consort, the period instrument ensemble, with £25,000 for performances at six arts festivals throughout the UK. Among the festivals covered will be Oxford, York and Warwick.

Polish poet wins Nobel Prize

The Polish poet Wislawa Szymborska, 73, has won this year's Nobel Prize for Literature. The Swedish academy said that Szymborska, who lives in Krakow and is one of Poland's most popular poets, won the prestigious £717,000 award for her "poetry that with ironic precision allows the historical and biological context to come to light in fragments of human reality."

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-6718345
● Nieuw Sinfonietta Amsterdam: with conductor Lev Markiz, harpist Godelieve Schrama and oboist Bart Schneemann perform works by Rihm, Henze and Mozart; 8.15pm; Oct 6

■ BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Antje Weithaas, Sarah Willis and Gerald Fauth: the violinist, horn-player and pianist perform works by Beethoven and Brahms; 7.30pm; Oct 5
Philharmonie & Kammermusiksaal
Tel: 49-30-2614383
● Deutsches Symphonie-Orchester Berlin: with conductor Emmanuel Krivine, soprano Carola Höhn and baritone Andreas Schmidt perform works by Beethoven and Zemlinsky; 8pm; Oct 5, 6

EXHIBITION
Kupferstichkabinett
Tel: 49-30-26629598
● Aus der Klassischen und Späten Moderne Neuerwerbungen im Kontext der Sammlung: this exhibition focuses on drawings and graphic works that were added to the museum's collection over the last five years. Artists featured are Picasso, Camille Graeser, Alf Lechner, Dan Flavin, Dennis Oppenheim and Christian Boltanski. A complementary selection of works from the museum's collection provides a context for these recently acquired works; to Oct 13

OPERA
Staatsoper Unter den Linden
Tel: 49-30-20354438
● Semele: by Handel. Conducted by René Jacobs and performed by the Akademie für Alte Musik. Soloists include Janet Williams and Iris Vermillion; 6pm; Oct 6

■ CAMBRIDGE

EXHIBITION
Fitzwilliam Museum
Tel: 44-1223-332900
● Rembrandt and the Nude: this is the second in a series of exhibitions devoted to the museum's collection of Rembrandt etchings; from Oct 8 to Feb 28

■ COLOGNE

OPERA
Opernhaus Tel: 49-221-2218240
● Otello: by Verdi. Conducted by James Conlon and performed by the Oper Koln. Soloists include Frederic Kalt, Hillevi Martinpelto and Ned Barth; 4pm; Oct 6

■ DUBLIN

CONCERT
National Concert Hall – Geoláras Náisiúnta Tel: 353-1-6711888
● RTE Vanbrugh String Quartet: featuring violinists Gregory Ellis and Elizabeth Charles, viola-player Simon Aspell, and cellist Christopher Marwood, and guest viola-player Constantin Zanidache perform works by Mozart and O'Leary; 3.15pm; Oct 6

■ DUISBURG

OPERA
Theater der Stadt Duisburg
Tel: 49-203-30090
● Rigoletto: by Verdi. Conducted by Ira Levin, performed by the Deutsche Oper am Rhein. Soloists include Mikel Dean, Ingrid Kertesi and Andrzej Lantsov; 7pm; Oct 6

■ LONDON

CONCERT
Barbican Hall
Tel: 44-171-6384141
● London Symphony Orchestra: with conductor Kent Nagano and soprano Barbara Hendricks perform works by R. Strauss and Mahler; 3.30pm; Oct 6
St. John's, Smith Square
Tel: 44-171-2221061
● Della Jones and Malcolm Martineau: the mezzo-soprano and pianist perform works by R. Schumann, Berlioz, Rossini and Haydn; 7.30pm; Oct 7

OPERA
Royal Opera House – Covent Garden Tel: 44-171-2129234
● Siegfried: by Wagner. Conducted by Bernard Haitink and performed by the Royal Opera. Soloists include Siegfried Jerusalem, Rosemary Joshua and John Tomlinson; 5pm; Oct 7

THEATRE
Barbican Theatre
Tel: 44-171-6384141
● A Midsummer Night's Dream: by Shakespeare. Directed by Adrian Noble and performed by the Royal Shakespeare Company. The cast includes Desmond Barrit and Barry Lynch; 2pm & 7.15pm; Oct 5

■ MADRID

CONCERT
Fundación Juan March
Tel: 34-1-4354240
● Joan Moll: the pianist performs works by Beethoven, Schubert, Weber and Chopin; 12noon; Oct 5

■ MUNICH

CONCERT
Nationaltheater
Tel: 49-89-21851920
● Bayerisches Staatsorchester: with conductor Giuseppe Sinopoli and cellist Han Na Chang perform works by Haydn and Mahler; 8pm; Oct 7, 8

■ NEW YORK

CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● American Symphony Orchestra: with conductor Leon Botstein, soprano Deborah Voigt and mezzo-soprano Jard van Nes perform works by Hartmann and Mahler; 3pm; Oct 6
Carnegie Hall
Tel: 1-212-247-7800
● Berlin Symphony Orchestra: with conductor Claudio Abbado and pianist Maurizio Pollini perform Brahms' Piano Concerto No.1 in D minor, Op.15 and Symphony No.3 in F major, Op.90; 8pm; Oct 7

THEATRE
Circle in the Square
Tel: 1-212-239-6200
● Hughie: by O'Neill. Directed by and starring Al Pacino. No performances October 17-23; Mon – Sat 8pm, Sat also 2pm; to Nov 2 (Not Sun)

■ PARIS

CONCERT
Cité de la Musique
Tel: 33-1 44 84 45 00
● Les Arts Florissants: with conductor/organist William Christie, sopranos Patricia Petibon and Sophie Daneman, violinists Monica Huggett and Emilia Benjamin and viola-player Anne-Marie Lasla perform Couperin's Leçons de ténèbres pour le mercredi Saint; 8pm; Oct 5
Théâtre du Châtelet
Tel: 33-1 42 33 00 00
● Los Angeles Philharmonic: with conductor Esa-Pekka Salonen and the London Sinfonietta Voices perform Stravinksy's Symphony in Three Movements, Symphonies of Wind Instruments and Symphony of Psalms; 8pm; Oct 8

■ ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● La Forza del Destino: by Verdi. Concert performance, conducted by Valery Gergiev and performed by the Orchestra e Coro dell' Academia di Santa Cecilia. Soloists include Galina Gorchakova, Gegam Grigorian, Leo Nucci and Luciana D'Intino. Part of the Italy and Russia Festival; 8pm; Oct 6, 8

■ SAN FRANCISCO

EXHIBITION
M.H. De Young Memorial Museum Tel: 1-415-750-3600
● Beat Culture and the New America: 1950-1965: includes painting, sculpture, film, installations, music, and the spoken word. Sections are devoted to the three centers of Beat culture: New York, San Francisco, and Los Angeles. Artists represented include Willem de Kooning, Franz Kline, Larry Rivers, Robert Rauschenberg, Jim Dine, Allen Kaprow, Jess, Jay DeFeo, Wallace Berman, and others; from Oct 5 to Dec 29

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Financial Times Business Tonight

Philip Stephens

An absence of war

Despite its conference success, the Labour party could yet be divided by tough choices over the single currency

The most vital debate in Tony Blair's party stirred hardly a ripple in the tranquil waters of this week's Blackpool conference. Yet day by day, it is engaging more of the energies of the leader, of Gordon Brown, his shadow chancellor, and Robin Cook, his foreign affairs spokesman. At present, there is no great row between them. But through a window of calculated opacity the dilemma and the differences are coming into focus.

Look at the sorry state of the government, and Mr Blair's anxiety to avoid public controversy over the Franco-German drive towards a single currency needs little explanation. An absence of war in Blackpool leaves it to John Major's Conservatives to torture themselves over the fate of sterling when they gather next week in Bournemouth.

Aside from a few worrying hints of hubris, the Labour leader could hardly have hoped for more from his party's conference. The tired clichés of a dozen sound-bites will soon fade. With luck, the quest for an "Age of Achievement" will go the same way as the stakeholder economy. But the basic message, that this is a party sufficiently sober to govern, is one Mr Blair can take to the electorate.

Private doubts and secret yearnings for the ideology of the past have been suppressed. Mr Blair redefined Labour's purpose. He did so brilliantly, paying his dues to the old guard without compromising his message to the country. For now, his foot-soldiers will follow, heads ruling their hearts.

The prospect of government, though, will more and more demand hard decisions. From now, events will crowd in on a party waiting for power – none more so than Europe's plan for a single currency.

Labour is not obliged to commit itself before polling day as to whether Britain should be among the pioneers of economic and monetary union. But it does have to have a clearer idea of its preferred direction. One choice – the terms in which it will couch its manifesto – cannot be dodged. That in itself could pre-empt the decision Mr Blair would take in office.

As stated, his attitude is positive in tone, non-committal in substance. Sterling's participation would be a pragmatic decision. He would say yes or no in the national interest. He does not share the Tory Euro-sceptics' obsession with national sovereignty.

In private, the leader sounds more sceptical. No, he cannot see Britain remaining indefinitely outside a successful monetary union. That would be to deny the nation the role in Europe he sees as vital to its prosperity and political influence. But yes, he sees the awesome risk in making such a momentous decision the first act of a Labour government. His personal economic advisers favour delay. Eddie George at the Bank of England has privately delivered the same message.

The timetable for membership in 1999 is awful. It would consume the first 18 months of his administration, a period already crowded with a contentious agenda of constitutional reform. If Emu blew up (and it might yet), the attempt to join could return Labour to opposition for another generation.

> If monetary union blew up (and it might yet), the attempt to join could return Labour to opposition for another generation

Such doubts are reinforced by Mr Cook. The shadow foreign secretary has made his views plain. Britain might join some day, but not soon. A Labour government should concern itself with the condition of the real economy as well as the monetary indicators of the Maastricht treaty. A single currency should not be an instrument of deflation.

Perhaps a third of the shadow cabinet shares such fears. John Prescott, Jack Straw, David Blunkett, Margaret Beckett and Frank Dobson are among them. Within the parliamentary party the proportion is said by some to be of similar scale. That is an exaggeration, but there would be sizeable opposition. Emu could prove the cause around which a now demoralised Labour left could rebuild its fortunes.

Just three months ago, it could be said that such considerations argued conclusively for delay. But Europe has moved on fast. Then it seemed likely that if Emu went ahead on schedule, Germany and France would be accompanied only by the Benelux countries and Austria. Britain could be among a large, second batch of countries signing up in 2001 or 2002.

The landscape now looks different. Across the Channel, the political imperative is clearing away the economic obstacles. For all their protestations, Germany and France will fudge the Maastricht criteria. If they do so for themselves, they will be obliged to do the same for others. The first wave might now comprise eight or nine countries, Italy among them. The world outside will be that much colder.

Mr Brown, like almost everyone else in British politics, wishes it were not so. Scrapping the pound would take precedence over all else in economic policy. It would demand a fiscal austerity which even this would-be Iron Chancellor has scarcely contemplated.

Yet his advice to Mr Blair is that they must now weigh more carefully the danger of staying out against the risks of going in. There is the obvious economic cost in terms of higher interest rates and a vulnerable pound. But Emu will also define the distribution of political influence in Europe. Staying out will mean progressive detachment from the Franco-German core. For a politician with the ambitions of Mr Blair, banishment to the edge of influence is a discomfiting prospect.

The shadow chancellor is mindful too of the perils of a referendum. Such a plebiscite might be couched in terms which went beyond a single currency. A wider vote on Britain's future in Europe – should it stay in or get out – would be easier to win, particularly in the honeymoon period of a Blair government. It would also harden the split in the Conservative party. But if the real intent was Emu, that would be impossible to hide. And defeat, always a risk in such plebiscites, would be disastrous.

Mr Brown's answer is a positive passage in the manifesto which would meet Labour's promise to seek the consent of the voters. Mr Blair's response is that such a pledge might allow Mr Major to fight the election wrapped in the Union flag. As of this moment, the balance of the argument on a single currency lies strongly with the leader's scepticism. But the pace of events will be hard to ignore. It will not be an easy decision.

·LETTERS TO THE EDITOR·

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No fears for UK outside Emu

From Mr Harold Young.

Sir, Martin Wolf's article, "The danger of dithering" (October 1), greatly exaggerates the political dangers of not joining Emu and fails to address in detail the economic and financial dangers of going in.

Having pointed out that monetary union is a "gigantic" gamble, he opts for it because the choice will be between having a voice within the governing arrangements of Europe and not having a voice. Do we have a voice now? Did we ever have one?

The plain fact is that the UK need not be afraid of staying with a currency that has stood us in good stead for hundreds of years. Why else are the French bleating that measures must be taken to ensure that members who decline to join are not allowed to take advantage of staying outside!

Mr Wolf's claim that in time the choice will be between being inside the EU and outside it simply does not hold water. The plain fact is that the UK is a fully paid-up member under the treaties of Rome and Maastricht.

Does he seriously believe that the other member states would throw out a net contributor to and a net importer from the EU!

Does he believe that the other members would break their treaty obligations in so doing? If he does, then surely we would be better off without them. In fact he need not worry: we still have a veto!

Harold Young,
40 Gaveston Drive,
Berkhamsted,
Herts. HP4 1JF, UK

From Mr Rupert Beeley.

Sir, If Britain chooses not to join Emu, London will become the centre for euros held offshore, and a euroeuro market will evolve. Yo-yos? Up and down we go.

Rupert Beeley,
24 Spencer Road,
London SW18 2SW, UK

Bedazzled view of the seating order

From Mr Helmuth Runde.

Sir, The seating order of the Bertelsmann executive board at the September 25 press conference reminded Observer ("Age before beauty", September 26) of an "old-style Communist Party rally". In this year's seating order you claim to detect secret signals indicating CEO approval and/or disapproval.

Alas, your highly amusing conclusions are based on somewhat flawed observations.

You say that in previous years the Bertelsmann CEO has flanked himself "with golden boy board members" Michael Dornemann, head of entertainment, and Thomas Middelhoff, the man responsible for multimedia. And you go on to point out that "it's all change this year", and that Mark Wössner was flanked by Gerd Schulte-Hillen (head of the newspaper/magazine subsidiary) and Siegfried Luther (chief financial officer). Sorry, but it was either your observer's power of observation or his memory that failed him quite badly.

Because the actual seating order in 1995 was: Gunter Thielen (head of industry division), Thomas Middelhoff, Michael Dornemann, Siegfried Luther, Manfred Harnischfeger (head of corporate communications), Mark Wössner (CEO), Gerd Schulte-Hillen, Frank Wössner (head of book publishing), Bernd von Minckwitz (head of professional publishing).

And in 1996? Well, there was only one change of position. Gunter Thielen moved from the "right wing" to the "left wing" for no more sinister a reason than to join his colleagues representing the businesses of the printed words – books and magazines.

So, Observer must have been unsighted in some way. Quite possibly he was dazzled by the excellent results reported at the press conference.

Helmuth Runde,
vice president media relations,
Bertelsmann,
Carl-Bertelsmann-Strasse 270,
D-33311 Gütersloh,
Germany

Benefits of tax move on property

From Mr Jeremy Bayliss.

Sir, The article "Tax boost urged by property sector" (October 1) quotes a UK Treasury official as saying that the creation of tax neutral, tradeable commercial property shares – securitisation – would mean a loss of tax revenue.

This is not so. Research carried out for the Investment Property Forum indicates that securitisation will lead to net benefits to the Treasury of £3.5m in the first year, rising to nearly £70m in the fifth.

The greater liquidity allowed by securitisation would be a significant boost to the efficiency and investment appeal of British commercial property. The right market conditions and the approaching Budget make now the perfect time for the government to commit itself to property securitisation.

Other EU countries, such as Belgium and the Republic of Ireland, have already introduced securitisation. We need to act now so that they do not develop an unbeatable competitive lead and attract funds which would otherwise be invested through UK securitised vehicles.

Jeremy Bayliss,
president,
Royal Institution of Chartered Surveyors
12 Great George Street,
Parliament Square,
London SW1P 3AD,
UK

E German currency resurrected to unprecedented heights

From Mr Heinz Wilhelm Spreitz.

Sir, If only the late Erich Honecker could see it from his cloud in Heaven or, more probably, in the heat of his Hell cell: the Financial Times resurrecting his Deutsche Demokratische Republik (DDR/GDR) and her famous currency, the Mark der Deutschen Notenbank, presented as one of the strongest currencies in the world (illustration on the front page of the FT World Economy and Finance survey, September 27).

No wonder the D-Mark has no chance when the FT art director was looking for a coin of "high" denomination – the Bundesbank never produced a DM20 coin. The biggest thing we have is our DM5 coin.

Heinz Wilhelm Spreitz,
PO Box 19.17.10,
14007 Berlin,
Germany

Europa · Carl Bildt

Bosnia can't do it alone

Keeping the parties to the Dayton peace accord on track requires a long-term outside presence

Bildt: sustained international support is needed

Within 24 hours of the certification of the nation-wide election results, Bosnia's new three-person presidency met for the first time on Monday. Thus began the process of setting up common institutions for the country and fully implementing the constitution drawn up in the Dayton peace agreement.

When news of the meeting emerged, there was first shocked disbelief, then a feeling that the war might really have come to an end.

But achieving even that meeting required considerable effort. The three presidents failed to agree on the time and the venue of their first meetings. It was only when I used the authority given me by the international community – supported by the governments of the Contact Group – that it was possible to persuade them to attend.

But having overcome the political hurdles that kept them apart, the three presidents sat down for nearly four hours of businesslike talks on their common future. The first meeting showed the efforts necessary to set up common institutions – but also that these efforts can pay off if properly co-ordinated.

It also showed it is not going to be easy to create common institutions for Bosnia and make them work in the coming months. There is still uncertainty whether all those elected will turn up for the presidential and parliamentary inauguration ceremony on Saturday in the National Theatre in Sarajevo. And the process of setting up the Council of Ministers, which will be the executive arm of the government, has hardly begun.

Such institutions must be based on true power-sharing between the two entities and three communities in Bosnia. Secession by one community is as unacceptable as dominance by one. The power-sharing arrangements which broke down in 1991 and 1992 must now be made to work.

When the common institutions are set up, they need to prepare the policies to address the pressing economic and social tasks facing Bosnia. These were neglected by most politicians during the backward-looking nationalist election campaign. Unless these tasks receive urgent attention, the country will sink into economic chaos and social despair within the next few years.

The international community is ready to assist. My office has helped put together a package of urgent legislation to get the country going. We have also drawn up economic policy priorities necessary for economic revival. Their adoption will ensure that the flow of reconstruction aid under the direction of the World Bank, the European Commission and my office can continue.

When the peace programme was drawn up a year ago, it was focused only on 1996 – and then very much on the military aspects. The task now is to prepare a framework for the continued involvement of the international community during the coming years. Without a sustained international commitment, the peace agreement will not be fulfilled.

There will be a continuing need for a military force in Bosnia, primarily for deterrence. It is needed to cool down any hot-heads contemplating military options, and to allay the fears of others that such options could be exercised.

During the period leading up to the new September 1998 general election, there must be greater emphasis on the political, civilian and economic issues.

Better conditions must be created for free and fair elections in two years, with the aim that hopes for the future will displace the fears from the past which dominated this year's polls. Much can be done to support independent mass media and foster a pluralistic political environment.

The opportunities for refugees to return to their homes must be improved. Although up to a quarter of a million have returned this year, few have dared cross the invisible ethnic barriers separating the three communities.

Economic reconstruction must continue, and must reach more widely across the country. Of the reconstruction aid disbursed so far, only 1.5 per cent has reached Serb areas.

The country's authorities must also take steps to improve business incentives. The payroll tax on employers is around 95 per cent of wages and regulation is excessive – making honest business virtually impossible.

It is increasingly unacceptable that key political and military leaders indicted by the international tribunal on war crimes in the former Yugoslavia are allowed to go free.

For Republika Srpska, this is of particular importance. It should simply not allow Radovan Karadzic, former president of the Bosnian Serb entity, to hide like a coward – he should be encouraged to go to The Hague and defend his record in a fair trial. And General Radko Mladic should be sent packing from his command of the army at the earliest opportunity.

But the Federation is also at fault. If it is to be taken seriously, it should enforce compliance with the orders of the international tribunal on its territory. Otherwise, it risks being as much in violation of its obligations as Republika Srpska.

The foreign ministers of the main countries supporting the peace process will meet in Paris on November 14 to confirm the sovereignty of Bosnia and Hercegovina and decide on the framework for consolidating the peace process in 1997 and 1998.

All the countries of the Peace Implementation Council will then meet in London in early December to agree the detailed programme of implementation during 1997. Between these meetings, working-level preparations will continue in Germany.

It is not a question of revising the Dayton agreement. It is a question of reaffirming it and recommitting all the parties to its implementation.

Without sustained international support and commitment, there is a serious risk that conflicts will break out again, taking the country and the region towards partition. But with such support the Dayton agreement might be made to work.

The author is the High Representative in Bosnia and Hercegovina, overseeing the civilian aspects of the Dayton peace agreement.

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FINANCIAL TIMES
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Friday October 4 1996

Joy and pain of unification

Germany's Chancellor Helmut Kohl sounded a well-warranted warning in his address to the nation yesterday, the sixth anniversary of German unification. Rebuilding the collapsed economy of eastern Germany is a process which will still take years to achieve, he said. At the same time, the whole country has to ensure its competitiveness in the global economy, given its heavy reliance on exports, and unemployment touching 10 per cent. It is a formidable dual challenge.

The chancellor's words mark a sharp contrast to his glowing optimism in the early days of unification, when he talked of the imminent arrival of a "blooming landscape" to transform the drab socialist economy in the east. In his personal account of those heady days, published this week, Mr Kohl is unrepentant in his conviction that unification would be a blessing for Germany and the world. But he was wrong about the time it would take.

Six years on, there is still no sign of self-sustaining growth to close the gap between the wealthy west and poorer east. Net financial transfers from west to east are still running at a remarkable DM144bn (£62.60bn) this year, compared with DM148bn in 1995 and DM165bn in 1994: those flows will have to continue for the foreseeable future. But they have yet to lay the basis for a solid manufacturing sector, as a launch-pad for future growth. Instead, they have financed a construction boom, which is now running out.

That was the reason for the sharp downturn in growth in the east in the first quarter of the year. After the industrial collapse suffered in the immediate aftermath of monetary union and unification (a much more drastic slump than in most other east European countries), the eastern Länder have to grow much faster than the west for many years, if the country is become genuinely united. It is not happening yet.

Investment is still flowing in, attracted both by hefty incentives, and by huge expenditure on new infrastructure. But east Germany's relatively high wage costs are a disincentive, compared to the countries further east. On the other hand, if there is a real explosion of growth in the rest of eastern Europe, east Germany could be well placed to reap the benefits.

German unification is a reality in today's Europe, and a joyful one in terms of the freedom it has brought to former east Germans. It will also be a painful reality for many, for at least a generation ahead. That is how long it will take to narrow the gap, economically and psychologically. Mr Kohl now knows it.

Out of the tunnel

It has been quite a week for Eurotunnel. On Wednesday it escaped bankruptcy; yesterday, the two big cross-Channel ferry companies, Stena and P&O, said they were merging their operations to compete with it. It seems a good time to pose the basic question: has the whole project been worth while?

In the narrow economic sense, it has of course been a disaster. In round numbers, the tunnel cost £11.5bn. Some analysts, such as the stockbrokers UBS, put the present value of its future cash flows at some £5.5bn. That being so, the banks and Eurotunnel's shareholders have lost a cool £6bn between them.

Perhaps that needs qualification. The banks have received interest, and have enjoyed handsome fees for successive financial reconstructions. The shareholders, having invested £2.7bn, still have equity worth £1bn. But even that depends heavily on their ability to make life difficult for the banks. Clearly, the project was a colossal misapplication of funds.

If one takes a broader economic view, the picture is fuzzier. The investment – and the activity of digging a hole in the ground – has doubtless served as an old-fashioned Keynesian stimulus. Jobs were created, and taxes flowed to the British and French treasuries. It would certainly be preferable if such investments were economically efficient; but perhaps one cannot have everything.

There is a still broader criterion, that of public policy. There is no rule against spending on non-economic projects – provided, that is, everyone knows the score. The north of Scotland has roads and electricity because it is thought undesirable to leave it a desert, not because it pays.

It may well seem a worthy aim of policy to bind Paris and London closer together, to say nothing of London and Brussels. One need only recall the more chauvinistic objections to the tunnel to accept that connecting Britain to the mainland has a powerful symbolic force. And in the most abstract sense of all, the tunnel, like a cathedral or a skyscraper, is an achievement calculated to cheer everyone up.

With hindsight, all this suggests the project should have been publicly funded. That does not imply sympathy for the banks or the shareholders, who supported the scheme in the expectation of profit; though perhaps the position of the two governments, in putting pressure on the banks to take part, is a touch ambiguous.

As it is, the citizens of France and the UK owe the financial institutions a £6bn debt of gratitude. They might care to remember it next time they complain about privatisation giveaways or the overweening power of the bond markets. Every so often, the tide flows the other way.

No windfalls

While the UK Labour party has been thinking up ways to spend the excess profits of privatised utilities, regulators are working hard to ensure that there will be none in future.

It is true that in the past, profits have sometimes been high and regulation rather a blunt instrument. Each regulator had to work out a way of setting a price formula which would allow for fair profits, the cost of needed investment and a realistic target for improving efficiency.

In retrospect it appears that some of these targets were not tough enough. The electricity and gas industries, for example, have been able to shed fat much more rapidly than expected. They have also tended to exaggerate their need for capital spending. Old habits die hard.

However, past profits have to a great degree reflected much improved performance. As Professor Stephen Littlechild, the electricity regulator, observed yesterday in his latest report on the National Grid Company, prices must not be set so low that the utility cannot hope to turn efficiency into profits.

He is right therefore to take a reasonably lenient view of the scope for future economies, distributing the first 2 to 2½ per cent gain from improved operating costs to customers and allowing shareholders to benefit from better performance. However, he is appropriately sceptical of the company's projections for capital spending which he has scaled back significantly when calculating a price target.

The most contentious issue for the Grid, as for Transco, the transmission arm of British Gas, remains the valuation of assets. Since it is now common ground that regulators should set prices which will give a return on assets of about 7 per cent, a higher asset value implies that the business needs to generate more cash and therefore needs to be allowed higher prices.

Regulators have become tougher and more sophisticated in calculating these values, correctly basing them on what shareholders actually paid for the business rather than on the book value (in current cost accounting terms), which in gas and electricity is higher.

Not surprisingly Transco and the Grid dispute the regulators' methodologies, though for somewhat different reasons. Transco said yesterday that it will take its case to the Monopolies and Mergers Commission. This is welcome.

The commission needs now to refine and explain a common approach to these matters for all the main regulated industries. In doing so, it would pre-empt wasteful ideological argument from utilities – and from grasping politicians.

Precarious peace: as Palestinian police have fired back at Israeli troops, the smiles three years ago on the faces of Yassir Arafat and Yitzhak Rabin (top left, with Bill Clinton) have been replaced by the grim expressions of Arafat and Benjamin Netanyahu (right)

A poor and mangled peace

Netanyahu has succeeded in halting progress on the Oslo compact and even thrown it into reverse, says **David Gardner**

Three years ago, the pictures taken on the White House lawn radiated hope. Yitzhak Rabin, the late Israeli prime minister, shook hands with his mortal enemy Yassir Arafat, chairman of the Palestine Liberation Organisation. It appeared to set the seal on the historic Oslo compact which promised an end to the conflict between Arab and Jew over Palestine and the beginning of a new Middle East.

One year ago, in the same setting and under President Bill Clinton's benevolent gaze, the two leaders signed Oslo II, the interim agreement on Palestinian self-government. Violent jolts along the path of peace had made both more sullen but hope survived on the foundation of internationally underpinned commitments: Palestinian autonomy in much of the West Bank and Gaza Strip; PLO guerrillas as policemen boxing in Oslo's opponents rather than fighting Israelis.

The pictures from this week's White House summit, called by Mr Clinton after last week's ferocious fighting on the West Bank between Israeli troops and Palestinian security forces, tell a very different story.

The normally loquacious Mr Arafat sat in stony-faced anger beside an impassive Benjamin Netanyahu, Israel's new hardline leader. A grim Mr Clinton announced that while the two sides had failed to resolve any of their growing differences, they had agreed to keep talking.

A final Netanyahu-Arafat handshake upon departure could not obscure the fact that Mr Arafat was leaving empty-handed, except for the proposal Mr Netanyahu had brought with him to Washington: to continue negotiations on commitments Israel signed and sealed under Oslo but has yet to deliver.

The Oslo peace process is therefore not dead. But it is living precariously in the fire-break the US has created by bringing Mr Netanyahu and Mr Arafat face-to-face. The flames could easily leap the gap unless both men douse the forest of combustible issues lying ahead of them.

Mr Clinton acknowledged that "the problems that exploded last week in violence, the problems are still there. We have not made as much progress as I wish we had."

His attempts to put a positive gloss on the summit were often defeated by his frustration. "I'm convinced that these parties are in better shape than they were two days ago," he said. But he added: "Please, please give us a chance to make this thing work."

Growing American irritation with Mr Netanyahu is also likely to lead to increasing US pressure on Israel once Mr Clinton is past next month's election.

The underlying problem is that the Israeli prime minister does not accept the principles behind Oslo and negotiations with Israel's remaining Arab adversaries such as Syria and Lebanon. . The main one is the return of Arab land in exchange for peace, a proposition Mr Netanyahu's coalition of right-wing nationalists and religious fundamentalists flatly rejects.

The Israeli premier defeated Shimon Peres, the Labour leader and Oslo architect, in the May election by placing Israel's security before peace after a spate of Islamist suicide bombings killed 59 Israelis in February and March. He believes security requires a buffer of occupied land insulating the Jewish state from its Arab neighbours. Thus, he has pledged to keep the Golan Heights, which Syria wants back as the price of peace.

An opponent of Oslo, Mr Netanyahu has told the US and international community he will nevertheless stick to the agreements Israel has entered into so far. But he has told his supporters at home he will go no further along the route charted by the Rabin and Peres governments which was leading to a Palestinian state.

These are incompatible pledges. Mr Netanyahu, under the pressure of rising Palestinian frustration and from the ultra-right in his own coalition, appears not to have decided which to steer closest to.

In practice, however, he has made clear he does not intend seriously to pursue "final status" or Oslo III negotiations – due to run until May 1999 and under which the Palestinian goal is an independent state in the West Bank with occupied Arab east Jerusalem as its capital. Meanwhile, he is holding back on key elements in Oslo II and even Oslo I – 49 of them, by Palestinian count, between six months and three years overdue.

The previous Labour government is partly to blame for this. For example, over 4,000 Palestinian prisoners should have been released three years ago under Oslo I, and a Palestinian "safe passage" established linking Gaza to the West Bank.

Under Oslo II, which placed the six main Arab towns of the West Bank under Palestinian control, the bulk of Hebron – where 400 extremist Jewish settlers live surrounded by 180,000 Arabs – was to have been handed over by March. Labour delayed this because of the suicide bombings but Mr Netanyahu went further.

He linked Israeli troop withdrawal from Hebron to the closure of Palestinian institutions in east Jerusalem. In other words, he linked delivery of an existing commitment to movement on the explosive Jerusalem issue, which is not due to be settled, if at all, until 1999.

In Washington, the Israeli leader said he was "absolutely committed" to withdrawing from Hebron, as soon as Israeli security is guaranteed. The "continuous talks" due to start between the two sides on Sunday at Erez on the Gaza border are supposed to focus on Hebron.

Hebron is a tinderbox, as last week's fighting and this week's continuing violence underscored. But the Israeli leader, by succeeding in re-opening what was already agreed, has managed to move the Oslo process backwards. Thus his cabinet secretary, Mr Danny Naveh, called the summit a "great success" and "total victory" for Israel.

A distraught Mr Arafat told one of his advisers at the summit that "this is worse than your worst expectations, worse than your worst nightmares". As a senior Arab official in Washington put it, "everything besides [Israeli] security was dealt with in the form of process and procedure, not in the form of action. They are changing the nature of the peace process and that has been their objective since they were elected."

Even discounting the rhetoric, this imbalance in perception of the peace process cannot continue if Israel is to work in partnership with the Palestinians. That partnership depended on Israel accommodating Palestinian demands for a modest share of Palestine, and Palestinian renunciation of violence to achieve this.

It needs momentum to work. Thus, Labour, while notionally freezing the expansion of Jewish settlements on Arab land, actually increased the number of settlers in existing settlements by nearly half. They got away with it because they returned the main West Bank towns, stopped the creeping annexation of east Jerusalem, and kept open the prospect of a Palestinian state.

Mr Arafat's 11 different security forces, though increasingly thuggish in dealing with Palestinian dissent, won Israeli military praise for their co-operation in dealing with Islamist extremist efforts to destroy Oslo.

Under Mr Netanyahu, past agreements are not being delivered and the path to future agreements blocked – literally. Mr Eli Suissa, the religious fundamentalist interior minister, and Mr Ariel Sharon, the extreme right-wing infrastructure minister have spelt out their intention to complete a wall of Jewish settlements to cut East Jerusalem off from the West Bank. The necessary work on the tunnels and roads to achieve this is thundering ahead along with the expansion of the settlements.

Thus Palestinian rage boiled over last week because of the opening of a new exit to an otherwise insignificant archeological tunnel near the Moslem holy sites in Arab Jerusalem. The Israeli enclosure of Jerusalem has added a new element of desperation to the frustration of the Oslo freeze and the continuing Israeli blockade of Palestinian territory.

Moreover, the one area in which Israeli-Palestinian partnership was more or less continuing – security co-operation – was shattered last week once Palestinian police returned fire against Israeli troops firing on demonstrators in West Bank towns.

Mr Netanyahu believes the Arabs, faced with a strong Israeli leadership, will lower their expectations and moderate their demands. Those Arab leaders in contact with him, notably President Hosni Mubarak of Egypt who refused Mr Clinton's invitation to the summit, have warned that if Mr Arafat is weakened further he will be swept away by a swirling tide of Islamist and secular opponents of Oslo. Their own regimes could get caught in the backwash. The price will be high if Mr Netanyahu succeeds in "consolidating his new interpretation of the peace process," as a senior Arab official put it.

For Mr Arafat to remain a partner able to do business with Israel, he cannot remain empty-handed. Or as Mr Clinton put it, in a barb aimed at Mr Netanyahu and his campaign slogan "Peace with Security": "just as there can be no peace without security, there can be no security without peace."

· OBSERVER ·

Kept in the Darkes

■ It's not often that a woman occupies the hot seat in the macho world of cars and trucks. Things couldn't get much hotter however, for Maureen Kempston Darkes, the 48 year-old president of General Motors' Canadian unit.

GM Canada's 28,500 workers began an escalating strike yesterday, after failing to nail down a new employment contract. The main bone of contention is GM's drive to push more of its parts business to outside, usually non-unionised, suppliers. GM produces about 17 per cent of its North American cars in Canada; a lengthy stoppage would also cripple many of its US plants.

Since taking over the top job at GM Canada two years ago, Kempston Darkes, a tenacious lawyer, has won praise for improving relations with GM dealers and for bringing more women and ethnic minorities into the workforce.

But she has few fans among union leaders. They didn't like her 24-hour "snitch" line for workers to provide anonymous tip-offs about their colleagues and supervisors. Nor did they take to her sending a letter to every worker's home, explaining GM's negotiating position.

Except for the letter, Kempston Darkes has been all but invisible during the strike talks. The negotiating team is led by Dean Munger, her vice-president for personnel. Some suspect that he's getting his orders not from his boss, but from her bosses across the border in Detroit.

Hopping madness

■ Bavarian beer is loved the world over, though nowhere is the adoration more in evidence than at Munich's Oktoberfest.

But the annual knees-up, with its massive beer tents, blaring oompah bands and fearsome funfair rides is proving too popular for its own good. So huge is the onslaught of visitors – a record 800,000 last Saturday alone – that the organisers now want to find a way of curbing the inflow without dampening spirits. So some tents have been temporarily closed, to keep out potential swillers. Warnings to stay away at peak times have fallen on predictably stony ground.

What's to be done? Charging entry fees or moving the festival outside the city are regarded as heretical. Since a litre of beer already costs DM10.40 ($6.80), raising the price is hardly on. More practical would be an agreement to stage fewer sports or other events during the Oktoberfest. They could try watering down the beer – except that no-one would notice after a few litres.

Michael's ball

■ Book your seats now at the artsy Brooklyn Academy of Music, where from October 16 a new ballet – called The Predators Ball – is being staged. No Swan Lake this, more a kind of Nutcracker; the ballet features the life and times of one Michael Milken, the former junk bond king who served two years in prison for securities law violations, and is based on the 1989 book of the same name.

Despite his fall from grace in the world of high finance, Milken has maintained a surprisingly high profile. Rupert Murdoch, for example, called him for advice on a recent deal with MCI Communications, with the result that the Securities and Exchange Commission is again looking at his role in several transactions, to determine whether Milken has breached his lifetime ban from the securities industry.

The ballet's music is described as being "original techno-house-rave", while the story is touted as "an all-American Greek tragedy". A chorus of rappers will be confronting the Milken character – referred to on stage as The King – about his actions. No truth, apparently, in the rumour that the SEC has taken a block booking for the opening night.

Bye bye Bourke

■ Few tears were shed this week when the governor of the Turks and Caicos Islands, Martin Bourke, ended his tour of duty. Yet Bourke did a good job in bringing the colony's political parties together – all of them wanted to see the back of him.

The politicians accused Bourke of defaming the islands in an interview he gave to a financial magazine. They moaned to Bourke's London masters, whose response was to back him to the hilt.

Such was the bitterness that no local politicians were invited to Bourke's farewell parties. But they will have heard his parting shot, delivered at one party: "Good government was what I was sent here to do and good government means honest government, open government, accountable government, government that serves with integrity."

Spare a thought for John Kelly, who is replacing Bourke. If by the time he leaves, the political parties are once again at each others' throats – rather than his – will he have done a good job?

The Financial Times 50 years ago

American Elections
Republican victory in the mid-term elections next month would burden America for two years with an executive and a legislature of different political complexions. A period which should be employed in building a prosperous and expanding economy would probably yield nothing more constructive than political upheaval and constant bickering between an unruly Congress and a harassed Administration. Gone would be the possibility of pressing forward with a major programme of social and economic legislation designed to solve the full employment problem and satisfy the social reform aspirations of the numerically large labour and left-wing elements. Two valuable years would be consumed largely in setting the stage for the struggle for the Presidency.

N.Y.'s Biggest Bank
The National City Bank is now the biggest bank in New York City. The 30th September statement shows deposits and total assets of National City have now passed those of the Chase National Bank, deposits being $4,653,743,078 and total resources $5,198,554,292. The comparable Chase figures are $4,642,025,138 and $5,198,435,327.

FINANCIAL TIMES
Friday October 4 1996

Merck to sell Aids drug at single European price

By Daniel Green in London

Merck, the US pharmaceuticals company, is planning to sweep away *decades of healthcare industry* practice by giving its new Aids drug a single price across the European Union. It will be one of the first products to be priced in Ecus.

The move, which the company concedes is "an experiment", is part of a plan to stop traders buying medicines in low-cost southern Europe and selling them in high-priced northern markets.

Drugs groups have previously tried to launch products at similar prices across Europe but currency movements and government-imposed price cuts have distorted the market. The Ecu, as a weighted average of European currencies, is likely to be more stable than any individual currency.

The drug, Crixivan, is expected to be widely prescribed by European doctors, with sales likely to exceed $50m a year.

Clinical trials have shown that *combinations* of drugs including Crixivan can cut HIV, the virus that causes Aids, to below detectable lev*els in the blood.*

The EU is expected to approve Crixivan for sale shortly, possibly today.

Merck says the Ecu *pricing* scheme is also an attempt to anticipate the launch of a single currency. "This is what Europe says it wants, so why don't we deliver?" said Mr Per Wold-Olsen, Merck's European head of human medicines.

The drug will cost Ecu9.64 ($12.24) for one day's supply, equivalent to $4,450 a year, according to Merck. However, the price to patients, health *insurers or other payers is* still likely to vary between countries thanks to distributor margins and consumption taxes.

For example, using June 19 exchange rates, when EU regulators recommended the drug's approval, Merck said a price from the manufacturer of $4,330 leads to a final price of $4,925 in the UK, where there is no VAT on drugs and distributors' margins are low, compared with $7,574 in Spain.

An executive at a rival company doubted whether the prices would stick, especially in low-priced countries. Those countries would seek price cuts if sales took off, he said.

But Merck fears that ahead of monetary union, currencies could become more volatile, leaving it vulnerable to "parallel traders" who trade medicines within the single market to take advantage of differences in nationally fixed prices. The trade is legal and *widespread under single* market rules. Parallel trade becomes profitable if there is a price differential of more than about 15 per cent.

Some companies have tried to limit such trade by restricting products in low-priced countries, but have run into problems with the European Commission. Bayer, the German company, is appealing against a Ecu3m fine for trying *to restrict* sales of Adalat, a heart drug, to Spain.

UK Labour party gives full backing to leader's policies

By John Kampfner,
Chief Political Correspondent

Mr Tony Blair, leader of the UK opposition Labour party, yesterday received the final endorsement he needed to reform the party and prepare it for government when his party conference overwhelmingly approved his programme for the general election.

The vote capped a week of success for Mr Blair, in which his keynote speech was greeted with uncritical acclaim by parts of the media that are traditionally hostile to centre-left policies like those of his party.

The atmosphere in Blackpool, the north-west England site of the conference, is likely to contrast starkly with the ruling Conservative party's conference in Bournemouth, southern England, next week, where *rifts over policy towards* Europe and renewed allegations of political "sleaze" are likely to dominate.

Regarding sleaze, Mr John Major, the prime minister, promised full co-operation for an independent inquiry into the affair surrounding Mr Neil Hamilton, a former Tory minister. Allegations that Mr Hamilton and other MPs have taken money to ask questions in parliament have reopened the debate about political propriety.

A senior Labour official described the latest accusations against Mr Hamilton as "an added bonus, which only adds to the perception of the Tories losing their grip on power".

Mr Blair has had an usually trouble-free party conference. He comfortably defeated *motions seeking to reverse pol*icy on pensions and on preserving Britain's Trident independent nuclear deterrent.

With *delegates* showing a unanimity not seen for decades, the only question regarding today's vote on the "New Labour – New Life for Britain" manifesto, which sets out five specific pledges and other broad commitments of a Labour government, was the size of the margin of victory.

A portent of possible trouble to come for Mr Blair re-emerged yesterday when Mr Robin Cook, shadow foreign secretary, reiterated his sceptical approach to the UK's participation in the first phase of European monetary union, scheduled for January 1999.

Trident plan defeated, Page 9

Denmark orders closure of currency dealer

By Clay Harris in London

Denmark has ordered the immediate closure of a company offering currency trading schemes to private investors across Europe. Finanstilsynet, the Danish financial regulator, took the action earlier this week against Scandex Capital Management, a British-run but Copenhagen-based company.

*The move, which follows dis*closures about Scandex's selling methods and complaints by investors, is the latest move by a European regulator to tighten controls over foreign exchange schemes.

The Danish agency said yesterday that Scandex's application for permanent authorisation was rejected on Monday and the company was told on the same day to cease trading and to stop contacting potential customers.

A Scandex telephonist said: "We have no further comment," but answered "yes" when asked if the company was still trading. Neither Mr Jeremy Bartholomew-White, managing director, nor Mr Ian Farrell, a shareholder and consultant who has spoken for the company, was available for *comment, she said.*

The rejection means Scandex will not receive a Danish "passport" which, under the *European Union's investment* services directive, would have allowed it to operate from its Copenhagen base throughout the EU.

The Financial Times reported last week that a UK-based investor, Mr Norton Jensen, had urged Finanstilsynet to reject Scandex's application and provided documented evidence of how 93 per cent of his £8,000 investment had been lost in a month. The FT had previously reported the account of a former Scandex salesman who described the company's methods of "cold-calling" potential customers in Sweden and Ireland.

Scandex's joint auditors, the Copenhagen branch of Deloitte & Touche and City Revision, a Danish firm, quit last month after conducting an audit.

Separately yesterday, a company seeking UK authorisation to offer currency investments moved to distance itself from any association with Scandex.

Anderson Ross, the UK company, said Mr Bartholomew-White had resigned as a director last month. In addition to his role at Scandex, he is a director of Euro Currency Corporation, a UK foreign exchange company which ceased trading in April and had its London premises raided by police in July.

Mr Gary Holland, Anderson Ross's managing director, said yesterday: "We didn't need him any more, so he's left."

THE LEX COLUMN

Phoney valuations

Call it the DM60bn question. What valuation yardstick should be used for Deutsche Telekom, the German state-owned telecoms group whose "pink herring" prospectus is published this morning? Should investors look at the company's yield or focus on cash-flow multiples?

Normally, different methods produce only modest differences in valuation. In the case of heavily-indebted DT, the difference is vast. Take yield, the yardstick domestic German investors will probably focus on. Assume DT enjoys the same yield as the average European telecoms company. Given that next year's net dividend forecast will be DM3bn, that gives a market capitalisation of DM83bn.

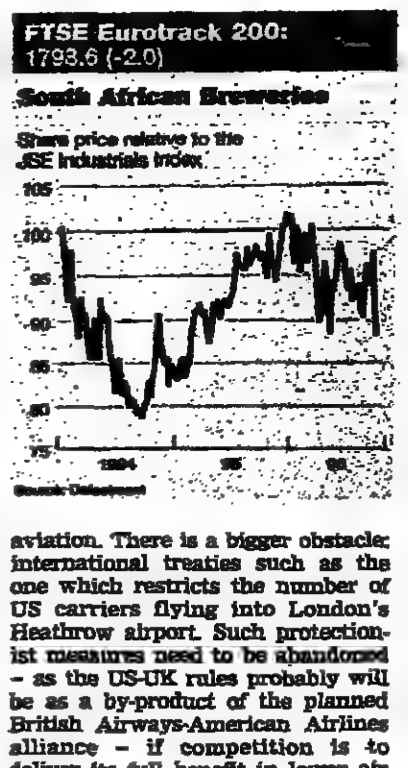
But if one looks at operating cash flow multiples – the measure favoured by international investors – a much lower value emerges. Again take the average European telecoms company. DT's "enterprise value" is then DM110bn. Subtract its massive debt and one is left with a market capitalisation of DM23bn – DM60bn less than the one derived by looking at yields.

The bankers marketing the issue are, unsurprisingly, asking investors to concentrate on its yield on the theory that, with prodigious cash generation, DT's debts will be rapidly repaid. Maybe. But it is also possible that DT, which is due to face competition for the first time, will struggle. The debt burden makes *DT a higher than average* risk; investors should therefore demand a higher than average return.

FTSE Eurotrack 200:
1793.6 (-2.0)

South African Breweries

Share price relative to the JSE Industrials index



Source: Datastream

Landing slots

Indications that the European Commission plans to legalise trade in airport take-off and landing slots should unblock what has become a constipated debate. Once the slots, or at least the rights to use them, can be traded, an open market should evolve. This will be a welcome advance on the current system where slots change hands out of sight in a murky grey market. Once the value of these rights is reflected in company balance sheets, this should encourage companies which are under-utilising valuable assets to sell them. The result would be a more efficient allocation, with slots going to airlines which could make the best use of them.

Of course, important as the commission's initiative is, it alone will not deliver perfect competition in aviation. There is a bigger obstacle: international treaties such as the one which restricts the number of US carriers flying into London's Heathrow airport. Such protectionist measures need to be abandoned – as the US-UK rules probably will be as a by-product of the planned British Airways-American Airlines alliance – if competition is to deliver its full benefit in lower air fares.

S. African Breweries

Long a giant in its home market, South African Breweries is now flexing its muscles on the world stage. Today it will announce the pricing on a $300m equity issue; earlier this week a deal in Poland helped it become the world's fourth largest brewer. *Few doubt the com*pany's quality: its brewing business in its home market is a formidable cash generator, with impressive production and distribution expertise, while the management is widely respected. The question is whether these skills can be taken onto the global stage.

SAB's strategy appears sound. It has stuck to developing and emerging markets it understands, like Africa, eastern Europe and Asia. It has also focused on developing local brands, rather than pushing its South African products. What remains to be seen is what sort of returns it can produce abroad. Competition is not something it is used to.

SAB offers exposure to a large emerging market through a very tradeable stock. The price is also attractive. SAB is trading on a forward premium to the JSE industrial index of 28 per cent, right at the bottom of the five-year range. But the backdrop of a 19 per cent fall in the currency and increased pessimism about South Africa was hardly propitious. Indeed, international equity markets have in effect been closed to South African companies for most of the year. The fact that SAB has been able to raise cash abroad is more a vote of confidence in the company than the country.

Monopoly referrals

Times are tough for energy networks. Not only is British Gas fleeing from its rapacious regulator into the unpredictable arms of the Monopolies and Mergers Commission but National Grid may yet do the same.

The Grid should not. In its case, the regulator may be talking tough, but his price cuts are at the lenient end of his range. And his kinder cost-cutting assumptions would just as likely be toughened as softened at the MMC. True, he probably is guilty of moving the goalposts on the Grid's asset base, but its chances of returning to the earlier flawed approach look slim.

The Grid *should* also consider the effect of prolonged uncertainty on shareholders. This is not a marginal point. *Consider* that the regulator's proposals value the Grid at £4.15bn. Add the value of non-regulated businesses and current profits; subtract debts and a £800m windfall tax – in theory, the Grid's market capitalisation should be around £4bn. In fact it is £3bn.

Similar logic applies to BG, yet it has a stronger case for going to the MMC. It too stands a small chance on the big issue of principle, depreciation, but the evidence that the goalposts have been moved is far clearer – and the sums involved much bigger. Moreover, the proposals on BG's costs, by comparison with past performance, look tougher than the Grid's; the risk of letting the MMC re-open them is therefore lower.

That said, BG should be encouraging a tight MMC reference. Why, for instance, could BG not agree with its regulator a very short list of issues for the MMC where there is really significant dispute? That way, not only could it reduce the risk of the MMC's lighting on something unexpected; it could also shorten the inquiry. Since the big issues are few, the MMC should be able to do its work in one month, not six.

Dole polls

Continued from Page 1

Clinton only 11 points up (45-34-5), while a *survey* by a Democratic and a Republican pollster found 35 per cent of voters still undecided and probably more likely to break for Mr Dole than Mr Clinton.

Yesterday's updated compilation of state polls, published by The Hotline newsletter, showed Mr Dole picking up a little but still way behind. With 270 votes in the Electoral College needed to win, Mr Clinton led in 34 states with 399 votes, against Mr Dole up in 14 with 91.

Olivetti to sell PC division

Continued from Page 1

Olivetti's share in Omnitel-SR to just below 35 per cent. Its partners, Bell Atlantic, would have to approve the sale. Olivetti officials were reluctant to say how advanced talks were with Mannesmann which holds 5.9 per cent of Pronto Italia, a consortium owning 30 per cent of Omnitel-TC.

Mr Colaninno plans to raise L800bn before the year-end. Other assets identified for disposal during this brief period Mr Colaninno said were: Tecnost, a specialised informatics company in which Olivetti has 53 per cent; Decision Systems International a fully-owned subsidiary specialising in IT services for middle-sized European companies; Venture Capital US, a vehicle for investing in high-tech companies.

Mr Colaninno, who today visits international investors in London, would have liked to have include the flotation of Lexikon, the group's printer and copier business. But this could not occur until full 1996 accounts had been posted. It would happen as soon as possible next year and be the main divestment in the 1997 plans to raise a total of L400bn.

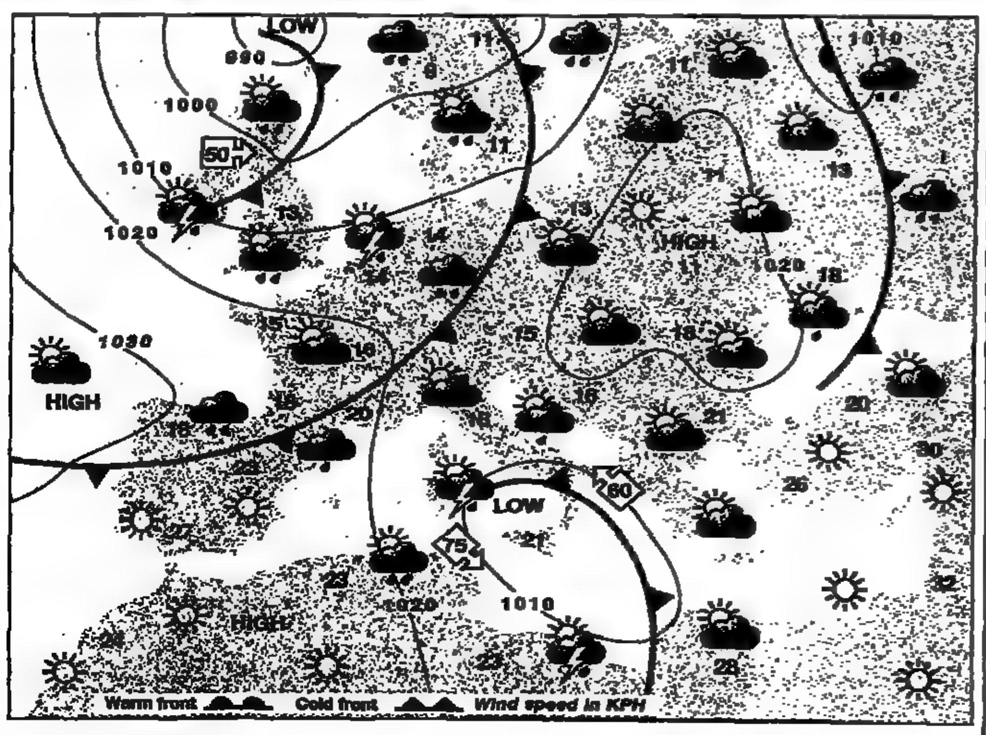
FT WEATHER GUIDE

Europe today

Most of the UK will be windy with showers. Eastern Germany and central France *will have rain. Western* France and the Benelux will be showery with sunny intervals. The north-coast of *Spain will be rainy*, but elsewhere on the Iberian peninsula it will stay dry. Tunisia will have thunderstorms.

Five-day forecast

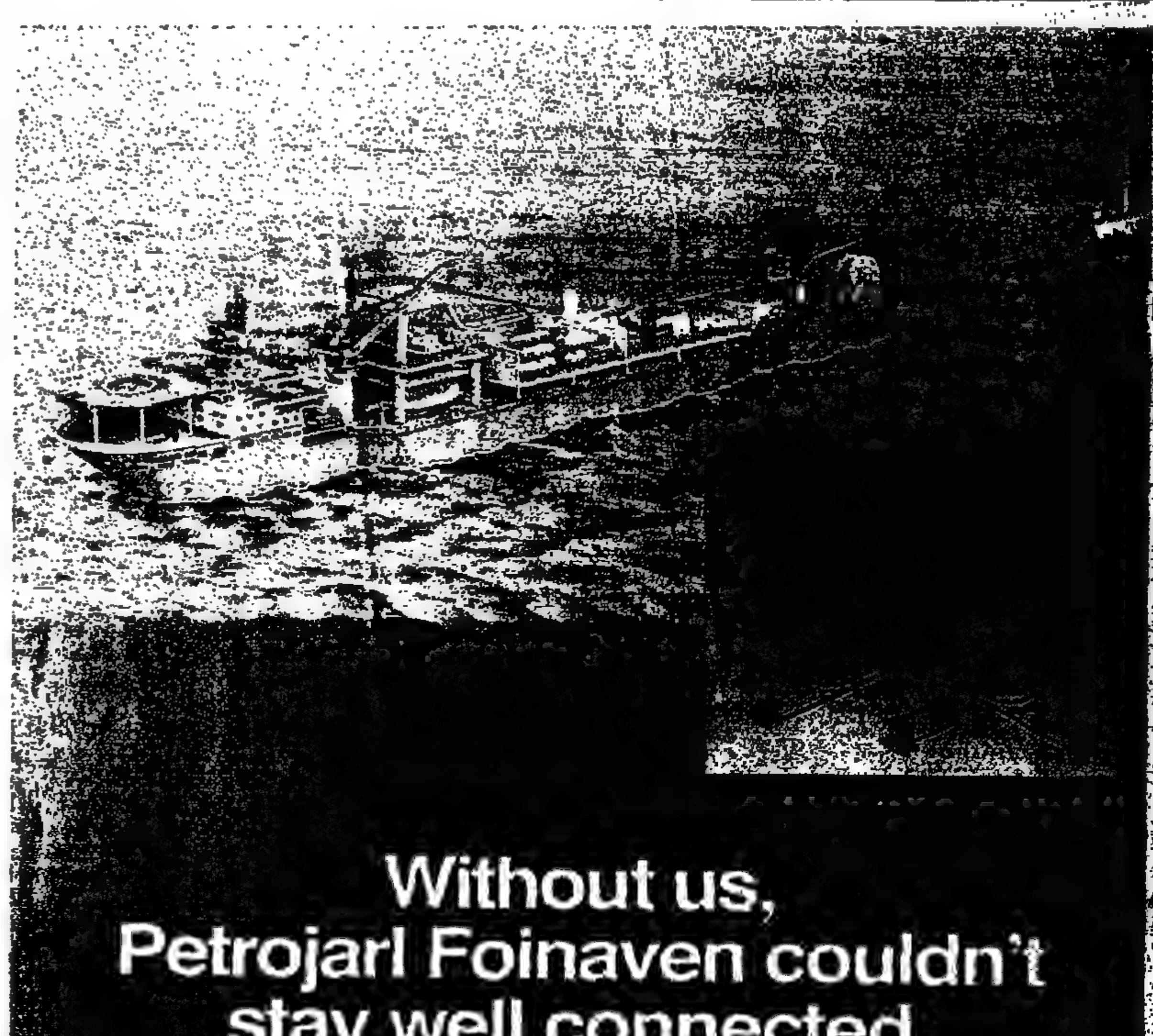
North-western Europe will *remain unsettled tomorrow.* It will be dry and sunny by Monday. The Pyrenees will have snow above 1200m *from Sunday as cold air* moves into the western Mediterranean.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	fair 23	Caracas	fair 31	Faro	sun 26	Madrid	fair 23	Rangoon	cloudy 30
	Celsius	Belfast	rain 12	Cardiff	shower 14	Frankfurt	shower 15	Majorca	sun 23	Reykjavik	fair 8
Abu Dhabi	sun 35	Belgrade	fair 18	Casablanca	sun 24	Geneva	cloudy 16	Malta	thund 21	Rio	shower 25
Accra	cloudy 29	Berlin	drzzl 13	Chicago	sun 14	Gibraltar	sun 22	Manchester	shower 13	Rome	cloudy 24
Algiers	sun 23	Bermuda	fair 29	Cologne	shower 14	Glasgow	hail 12	Manila	thund 31	S. Frsco	fair 22
Amsterdam	shower 14	Bogota	cloudy 20	Dakar	fair 31	Hamburg	shower 13	Melbourne	shower 19	Seoul	fair 22
Athens	sun 24	Bombay	thund 32	Dallas	fair 25	Helsinki	rain 11	Mexico City	shower 19	Singapore	rain 28
Atlanta	fair 22	Brussels	shower 13	Delhi	sun 35	Hong Kong	cloudy 28	Miami	fair 31	Stockholm	rain 12
B. Aires	rain 25	Budapest	fair 16	Dubai	sun 34	Honolulu	fair 31	Milan	fair 19	Strasbourg	shower 16
B.ham	shower 13	C.hagen	shower 13	Dublin	shower 13	Istanbul	fair 22	Montreal	fair 10	Sydney	rain 22
Bangkok	rain 33	Cairo	sun 33	Dubrovnik	shower 23	Jakarta	rain 31	Moscow	fair 9	Tangier	sun 24
Barcelona	fair 21	Cape Town	fair 17	Edinburgh	shower 14	Jersey	shower 15	Munich	fair 15	Tel Aviv	sun 33
						Karachi	sun 37	Nairobi	shower 27	Tokyo	shower 22
						Kuwait	sun 43	Naples	thund 23	Toronto	sun 11
						L. Angeles	fair 24	Nassau	fair 31	Vancouver	shower 18
						Las Palmas	sun 27	New York	sun 11	Venice	fair 18
						Lima	cloudy 19	Nice	fair 21	Vienna	fair 15
						Lisbon	sun 25	Nicosia	sun 30	Warsaw	fair 13
						London	fair 15	Oslo	shower 12	Washington	sun 14
						Lux.bourg	shower 12	Paris	fair 16	Wellington	shower 14
						Lyon	shower 17	Perth	fair 20	Winnipeg	sun 18
						Madeira	fair 23	Prague	fair 14	Zurich	cloudy 14



FINANCIAL TIMES
COMPANIES & MARKETS
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Friday October 4 1996

IN BRIEF

Telekom issues sales prospectus

Deutsche Telekom, Europe's biggest telecoms company, today publishes its preliminary sales prospectus, taking the German group a decisive step closer to one of the world's biggest initial public offering of shares next month. About 80 international investment banks are part of the issue, one of the largest banking consortia ever put together for an IPO.

One bank, however, has stayed outside the consortium and has produced the only entirely independent report on Deutsche Telekom. BZW, the investment arm of Barclays Bank of the UK, has examined the German regulatory regime, the group's debts and international prospects, and what these might mean for Deutsche Telekom's earnings. Page 25; Lex, Page 22

Ford chases 10% of Asian market
Ford yesterday signalled the determination of US carmakers to carve out a share of Asia's increasingly competitive vehicle market, saying it would match rival General Motor's target of capturing 10 per cent of the market by 2005. Mr Wayne Booker, executive vice-president, said: "I think we all use that number. I think we'll all take as much as we can get." Page 26

Kemira in FM1.3bn share offerings
Finland yesterday launched one of its biggest privatisations, announcing a global offering of up to 18m shares in Kemira, the state-controlled Finnish chemicals group, likely to rise about FM900m ($197m). At the same time, Kemira is to issue 5m shares, with an over-allotment option to underwriters of a further 3m, in order to raise up to FM400m in fresh investment capital. Page 24

Philippines insurance market opens
The Philippine government said it would accelerate moves to open up the country's crowded insurance sector to foreign competition and would probably award several new licences before the end of the year. The announcement means the government hasreversed its decision to limit competition to 10 foreign companies in the life and non-life sectors. Page 26

Inspirations shares drop 36%
Shares in Inspirations plunged from 134½p to an all-time low of 86½p after the package holiday company revealed it was trying to recover costs from British Airways over problems with Caledonian Airways, its charter airline arm. The tour operator, which floated on the USM at 100p in December 1993 before moving to the main market in February, warned of "substantial one-off costs" – believed to be as much as £10m – following flight delays in the peak holiday season at Caledonian Airways. Page 27

Last-minute buying lifts Brussels
The Brussels bourse, which saw a buying surge in the last seconds of trading, made an all-time high. The Bel-20 index, which had earlier broken through the 1,800 resistance level, closed 39.33, or 2.2 per cent, higher at 1,829.85. Page 40

Companies in this issue

Chief price changes yesterday

NEW YORK ($)			
Rises			
Boise Casc	19¾	+	1¼
Monsanto	41	+	2⅛
Southern Pac	28	+	1⅛
Falls			
Abercrom Fitch	23¼	−	1½
Heritage Med	17¾	−	1¾
Times Mirror	37⅞	−	1⅞
LONDON (Pence)			
Rises			
Forward Tech	82	+	9
Select Apps	325	+	36½
Stentor	135½	+	10½
Falls			
Inspirations	86½	−	48
RAP	65	−	11½
Virtuality	140	−	56½
TORONTO (C$)			
Rises			
Chieftain Int	30.60	+	2.10
Precision Drl	37.00	+	1.00
Van Houtte	23.25	+	1.05
Falls			
Electrohome X	11.75	−	0.75
Gandalf Techs	6.05	−	1.25
Guardian Cap	11.25	−	1.00
PARIS (FFr)			
Rises			
AGF	152.4	+	4.4
Falls			
Alcatel	430.1	−	6.4
Bongrain	2164	−	181
Carrefour	2894	−	36
Sanofi	445.4	−	6.7
Sidel	301.5	−	7.3
TOKYO (Yen)			
Rises			
Aoyama Trdg	3090	+	130
Fujita Kanko	2150	+	40
Japan Wool	949	+	23
Falls			
IBJ	2400	−	80
Takara Shuzo	1050	−	70
Toyo Const.	475	−	16
HONG KONG (HK$)			
Rises			
CKI Hldgs	12.50	+	0.75
Giordano Int	7.10	+	0.35
NG Fung Hong	4.45	+	0.40
Union Bank	6.70	+	0.55
Falls			
HKL Daily News	1.09	−	0.11
Oriem Hldgs	3.35	−	0.30
BANGKOK (Baht)			
Rises			
B. Grimm Eng	27.00	+	1.25
Rockworth Pub	32.75	+	2.75
S&P Syndicates	19.50	+	1.50
Falls			
Mutual Fd	200.00	−	16.00
Novalel Ins	34.00	−	10.00
Securities One	150.00	−	17.00

New York & Toronto prices at 12.30. Frankfurt closed.

Crédit Lyonnais chief calls for further FFr9bn

By Andrew Jack in Paris

Crédit Lyonnais, the troubled state-owned bank, needs a recapitalisation of at least FFr9bn ($1.7bn) from the French government to make the group fit for privatisation by the start of 1998, chairman Mr Jean Peyrelevade said yesterday.

In an interview, Mr Peyrelevade said he was capable of preparing a sell-off within 18 months, but only on condition that the bank reinforced its equity to maintain its credit rating.

He said it needed to increase its Tier I Cooke solvency ratio of 4.5 per cent by at least one percentage point. Based on the bank's latest figures, this would be equivalent to an increase of FFr9bn.

His comments came as Crédit Lyonnais unveiled profits of FFr67m for the first half of the year as a result of a FFr3.9bn emergency aid package brokered by the French state last week to offset the heavy penalties imposed on the bank during its previous restructuring plan, put in place last year.

"With these results, we have crossed the Alps and rejoined the pack," he said, in a reference to the annual Tour de France cycling race, sponsored by the bank. He said he would be satisfied to break even for the full year.

Mr Peyrelevade said the board would present a new plan to prepare it for rapid privatisation. This would be submitted to the government by the end of this year, ahead of approval by the European Commission in Brussels.

He stressed that his conditions for privatisation also included dealing with difficulties in its domestic operations, reassurances for clients who took comfort from the bank's state-owned status, and selling a number of non-strategic or unprofitable activities.

He said strategic operations to be retained at all costs included activities in Asia, the US and eastern Europe, and its markets operations. This suggests that operations in western Europe outside France – including those in Germany, Italy and Spain – could be put up for sale in coming months.

Mr Peyrelevade said falling interest rates had increased the costs to the bank of the restructuring package brokered in 1995 by at least FFr1bn a year beyond the original estimates, while its income had fallen FFr4bn more than expected.

Yesterday's results showed that banking income fell from FFr22.2bn in the first half last year to FFr21.5bn.

There were provisions of FFr2.3bn, including a restructuring charge of FFr1.5bn related to 5,000 job cuts planned by 1998, and a special FFr35m payment.

Fattening up, Page 25

Reuter
Jean Peyrelevade: falling interest rates had increased costs of 1995 restructuring

VAI says Kvaerner papers were taken

By Tim Burt in London

VAI, the Austrian engineering group embroiled in an industrial espionage row with Scandinavian rival Kvaerner, yesterday admitted for the first time that some of its employees had removed confidential documents from one of Kvaerner's UK subsidiaries.

The company, part of the Austrian industrial conglomerate VA Technologie, said the documents were taken by staff recruited from Davy International, Kvaerner's UK metals processing arm. The documents were thought to include technological plans and details of contracts where VAI and Davy were competing. VAI said it made no use of the documents.

Kvaerner, which inherited Davy following its £904m takeover of Trafalgar House this year, has launched a multi-million dollar compensation claim against VAI.

Mr Horst Wiesinger, chief executive of VAI, yesterday blamed the "espionage" on a group of rogue employees acting without authorisation. He said up to 14 members of staff had been disciplined and that all the documents had been handed back to Kvaerner.

"A few individuals did take some information and that's a fact," he added. "But we were not aware it was happening." Some former Davy employees, recruited by VAI, are understood to have received final warnings.

Mr Wiesinger did not disclose whether those disciplined included Mr Roy Tazzyman, managing director of VAI (UK).

Kvaerner has issued a writ against Mr Tazzyman, who was previously chief executive of Davy.

Mr Wiesinger, also facing a Kvaerner writ, claimed managers at Davy wanted to settle the case but had been overruled by their Scandinavian parent.

Kvaerner yesterday dismissed that suggestion.

"We categorically deny that any of our executives made any approach to VAI," a company spokesman said.

For its part, VAI confirmed Mr Wiesinger had met Mr Erik Tonseth, Kvaerner chief executive, in a bid to resolve the dispute. But they failed to reach agreement.

VAI told Mr Tonseth it had not sanctioned the removal of any documents, but he expressed doubts whether Kvaerner could protect its confidential information despite the return of the documents.

The row centres on the alleged theft of more than 2,000 documents and computer discs from Davy's headquarters in Poole, Dorset.

Kvaerner said the information was taken following the decision last year to close Davy's offices in the town.

The documents were subsequently seized from the UK offices of VAI, also in Poole.

The Scandinavian group said it was continuing its legal action, while VAI has drawn up plans for a counter claim.

British Gas rejects price cuts proposed by regulator

By Robert Corzine in London

British Gas yesterday rejected controversial price control proposals by Ofgas, its regulator, and called on the Monopolies and Mergers Commission to resolve the dispute.

Mr Richard Giordano, British Gas chairman, said an Ofgas proposal to cut average gas transportation charges to the country's 19m gas consumers by £28 a year from next March were "unjustified and unworkable". He said Ofgas was trying to "change the basis on which TransCo [the pipeline monopoly] and British Gas have been regulated since privatisation".

British Gas shares, which have suffered from the uncertainty over the TransCo issue, fell 6½p to close at 193p.

The company complained that Ofgas's proposed cuts would cut average annual net revenue at TransCo, which accounts for the bulk of the company's profits, by at least £400m ($627m) a year. Executives said cuts of such magnitude would cause a fall in service standards and trigger job losses that could eventually amount to half of TransCo's 20,000-strong workforce.

City of London analysts said they could also force the company to reduce its dividend.

Ofgas was "disappointed" by the British Gas decision. "The proposals would provide substantially lower prices to customers, while ensuring that British Gas could continue to finance its transportation business," said Ms Clare Spottiswoode, Ofgas director general.

The Gas Consumers Council echoed Ofgas's sentiments, asking whether "... 18m consumers should forfeit decades of cheaper gas for the sake of short-term value for 2m shareholders".

Government ministers were also said to be disappointed that the two sides failed to reach an agreement after more than four months of talks. They had hoped the dispute would not become a political issue in the run-up to the general elections, which must be held by next May. An MMC inquiry is expected to take about six months, which means the report could be published close to the final date for an election.

The price cuts, due to be introduced from next March, could also have proved politically popular.

Although Ofgas is not legally bound to act in accordance with an MMC recommendation, Ms Spottiswoode indicated that she was likely to accept the MMC findings. "I would feel very uncomfortable departing very significantly from the MMC recommendation," she said. However, she would argue for the MMC to impose even tougher price controls than those contained in the final Ofgas plan published in August.

Many of the gas shippers that use the TransCo system, and who compete against British Gas's trading arm, said they, too, would put forward proposals to the MMC that would lead to lower prices than those envisaged by Ofgas.

The row over the TransCo proposals has been increasingly ill-tempered, with Ms Spottiswoode yesterday accusing British Gas and its advisers of resorting to personal attacks. Mr Philip Rogerson, British Gas deputy chairman, denied the allegation. "We are not conducting a personal campaign," he said. "That would be anathema to us."

Lex, Page 22

Prudential admits employee's Y2.2bn fraud in Tokyo

By William Dawkins in Tokyo

Prudential Securities, the stockbroking arm of Prudential Insurance of the US, yesterday admitted to a Y2.2bn ($20m) fraud by a Japanese former employee at its Tokyo branch.

The fraud was uncovered in June 1995. Prudential immediately informed the Japanese police, who asked the US company not to discuss it while criminal investigations were under way, Mr Charles Perkins, a spokesman, said yesterday. Despite the fact that the employee confessed to embezzlement, the Japanese authorities have not yet pressed criminal charges.

Prudential was obliged to make an announcement yesterday after details leaked to the Japanese press, said Mr Perkins. The former employee, who was not named, admitted to stealing Y1.1bn of securities and Y1.1bn in cash shortly before he was due to retire. He was said to have moved share certificates between different clients' accounts to conceal the embezzlement.

An internal review uncovered the misappropriation of funds and the former employee confessed to Prudential management on the same day, at which point the company called in the authorities. Prudential clients were reimbursed for losses and the company's own losses of Y1.13bn were covered by an insurance policy against employee fraud.

Prudential has carried out stockbroking in Tokyo since 1979, but sold its membership of the Tokyo Stock Exchange in 1994, as part of a cost-cutting campaign in which the miscreant was one of those earmarked for retirement.

Prudential – which still trades Japanese securities – is among the several foreign brokers in recent years to have surrendered their stock exchange seats, deterred by dwindling business on the Japanese securities market. Overall trading volumes peaked at just over 1bn shares per day in 1988, and fell below 500m at the turn of the decade, since when they have slumped to the current daily average of about 280m shares.

UK government stays firm on tunnel franchise

By Geoff Dyer in London, and Andrew Jack and David Owen in Paris

Eurotunnel's plan to refinance its £9bn ($14bn) debts, which will be outlined on Monday, will not include any concessions from the UK and French governments.

The company had been pressing for the two governments to extend its 65-year franchise to operate the Channel tunnel. French president Mr Jacques Chirac pushed the idea during a visit to the UK in May.

Eurotunnel had argued the extension was justified because the government had broken promises, such as the decision to extend duty-free sales on the ferries, which cut revenues. However, the UK government has so far refused to provide any kind of assistance.

Although an extension of the franchise would not have a significant impact on Eurotunnel's finances, bankers were keen for the governments to show they were willing to make a sacrifice to help save the group from insolvency.

It also emerged yesterday that the French authorities are on the point of granting Eurotunnel a licence to sell capacity on the tunnel's fibre-optic link to telecoms operators.

The move will increase competition in the market for long-distance and international telephone calls. Exceptionally, the authorities are not insisting that Eurotunnel set up a separate telecoms subsidiary because they believe the risk of cross-subsidy from its other operations is small.

In a further development yesterday, Adacte, the group of Eurotunnel shareholders which had called for the company to be put into bankruptcy proceedings, said it had written to the president of the Paris commercial court, to complain about the restructuring agreement. This is a possible precursor to a formal legal challenge.

Mr Albert Jauffret, head of the association, said: "We are not happy with this accord if it means that shareholders will not receive a dividend for 20 or 30 years."

The Eurotunnel refinancing proposals will face their first big test today when the six leading banks, with which the company has been negotiating, will present the plan to the next layer of 20 banks – the so-called "instructing" group.

The plan needs to be approved by all 225 banks before it can be implemented, and the instructing banks will have a role in selling it to the rest of the syndicate.

The proposals are expected to include a debt-for-equity swap which would give the banks a 49 per cent holding in the company. At a conversion price of 113½p, the price at which shares were suspended on Monday, this would reduce debts by £1bn. At the par value of 163.7p, the swap would be worth £1.5bn.

The plan will also involve issues of equity warrants and convertible bonds which could leave the banks owning a majority of the shares at a later stage.

P&O takes long view, Page 27

Kemira in FM1.3bn share offerings

By Greg McIvor in Stockholm

Finland yesterday launched one of its biggest privatisations, announcing a global offering of up to 18m shares in Kemira, the state-controlled Finnish chemicals group, likely to raise about FM900m ($197m).

At the same time, Kemira is to issue 5m new shares, with an over-allotment option to underwriters of a further 3m, in order to raise up to FM400m in fresh investment capital.

The Finnish government said its sale of 16m shares might be increased by 2m shares in Finland if there were sufficient demand for the public offering there.

The state's current 72.3 per cent stake in Kemira would shrink to 55 per cent if the full option were exercised. Foreign institutions hold 14 per cent of Kemira's stock, while Finnish institutions have 13.7 per cent.

Pricing of the offer, which was flagged last month and is chiefly aimed at large international and Finnish investors, will be determined by a global tender to run until October 22.

Kemira's shares fell FM0.60 yesterday to FM52.20.

Kemira said proceeds from its offering would be directed at its targeted growth areas: pulp and paper chemicals, water treatment chemicals, titanium dioxide pigments and colour processing systems.

Separately, the group said it overcame weak trading conditions in pigments to post a 17 per cent rise in eight-month profits, from FM524m to FM612m.

Operating profits fell from FM971m to FM911m but the pre-tax figures benefited from a FM148m decline in net financial expenses, owing to debt repayment and a reduction in hedging instruments. Sales were flat at FM8.4bn.

Pigments, the most cyclical of Kemira's divisions, slid from a FM211m profit to a FM13m loss amid soft demand in Europe and the US, and a 10 per cent price fall since January. Turnover fell 11 per cent, from FM1.5bn to FM1.36bn.

Ms Raija Arasjärvi, Kemira group controller, said there were signs of some volume pick-up in the US but recovery would not take hold before the year-end.

Kemira's core chemicals unit posted operating profits up 9 per cent to FM278m, but the improvement was partly attributable to a weakening of the Finnish markka against the Swedish krona. The group said profitability would be maintained during the rest of the year, and the full year would be slightly better than 1995.

The group's agrochemicals division, its largest, saw operating profits rise from FM443m to FM539m on sales up 3 per cent to FM3.97bn.

Tikkurila, the colour processing unit, reported operating profits up from FM128m to FM181m.

Olivetti's new chief tells **Robert Graham** his plans for a full corporate recovery

Colaninno to replace PCs with people

Roberto Colaninno: concentration on telecoms the best way to keep the company alive Reuter

Two weeks after accepting the hottest seat in corporate Italy, Mr Roberto Colaninno has no regrets about assuming the helm of Olivetti, the troubled information technology group.

"The offer came as a complete surprise, and I had some doubts in accepting," he told the FT as he prepared for his first meetings with analysts anxious to get to know him and his plans.

He has no illusions about the difficulties ahead, not least the need to re-establish a sense of credibility surrounding the accounts and management of what was once one of the most prestigious names in Italian industry. The latest blow was this week's revelation that debt had nearly doubled between the beginning of July and the end of August to reach L2,394bn ($1.58bn).

This task is complicated by two factors. Although the 53-year-old Mr Colaninno has built up a highly successful medium-sized motor components manufacturer, Sogefi, based in the northern town of Mantua, he has no direct experience of the IT sector and is little known among Olivetti's international shareholders.

Second, his appointment – the third top management reshuffle in as many months – has been seen as that of a tame representative for Mr Carlo De Benedetti, after the latter was relegated to the role of honorary chairman at the beginning of September.

Cir, the holding company through which the De Benedetti family controls Olivetti, has a 57 per cent stake in Sogefi and has been active shareholder in the company almost from the outset.

He resists any suggestion that he has been put in place to preserve the reputation and buiness empire of Mr De Benedetti. He further makes it clear he accepts the 1996 half-year accounts as approved with a L440bn loss – but his responsibility is not the past, but the future.

"I'm an entrepreneur, not a manager; and I laid down three conditions [to Mr De Benedetti] before accepting.

"I insisted the appointment was on the basis of being given a free hand to restructure. Second, it had to be made clear that I represented 100 per cent of the shareholders."

Here Mr Colaninno paused to go over his record at Sogefi, where he has set in operation two important partnership deals with multinationals – Allied Signal of the US and Germany's Krupp. These partners can testify to his ability to represent the shareholders fairly.

"Third, I had to be given a free hand to be able to invest in people – the most important tool of the company." These conditions, he said, were fully accepted by Mr De Benedetti and were conveyed to Olivetti's banks. He said Mr De Benedetti offered: "If I can give any advice, I'm here to give it."

Mr Colaninno is working on the basic premise that he is committed to keeping Olivetti alive despite huge accumulated losses. Though obliged to sell assets, he will not preside over a fire sale as this would be contrary to his entire character and his experience at Sogefi. "I want to return Olivetti to being a proper industrial group."

He outlined his strategic aims as follows: "We will concentrate on telecoms (via Omnitel) as the best way to keep the company alive. Obviously our size will be different because we have to adapt to the market. This will not be a liquidation strategy."

He has drawn up a list of asset sales to be carried out over the coming months which will raise L1,200bn. Of this, L800bn is due before the end of the year and the rest in 1997. This he believes will reduce leverage substantially and avoid the need for a capital increase.

The priority sale will be Olivetti's failing personal computer business. Mr Colaninno recognises this burden must be shed as soon as possible, he hopes before Christmas. He declines to name potential purchasers, but says whoever buys the business will be doing so to acquire Olivetti's share of the market, where it sells almost 1m PCs a year.

However, the main source of cash will be from the sale of 8 per cent of Olivetti's stake in Omnitel, the Italian cellular phones buiness, which was last year valued at L283bn. Other asset sales include a 53 per cent holding in Tecnost, a specialised informatics company, Decision Systems International (DSI), which services medium-sized European companies, and a flotation of Lexikon, the printer and copier.

The other part of Mr Colaninno's strategy is a radical shake-up of management. Here he outlined a long list of aims, centred round every activity being profit-orientated.

There will also be a new board with proper international representation. "We must delegate authority at all levels; identify the cost of poor quality of company operations; control working capital; reduce the product cycle and cut the supplier chain; meet customer satisfaction, the customer being the best consultant a company like ours can have."

Mr Colaninno topped this list by re-emphasising the importance of people. "If we don't invest in people, we won't survive."

Schneider upbeat after 27% advance

By David Owen in Paris

Schneider, the French electrical engineering group which has been among the better performing large shares on the Paris stock exchange this year, yesterday reported a rise of nearly 27 per cent in first-half net profits, from FFr397m to FFr503m ($97m).

The company was also upbeat about future prospects, saying recent trends in its business meant it expected "a very noticeable improvement in earnings for the full year".

But this was not enough to prevent an abrupt downturn in the hitherto buoyant share price, which fell FFr7.70, or 3.1 per cent, to FFr238.30.

Analysts attributed the fall to disappointment at results that were towards the bottom of the expected range, combined with doubts arising from non-recurring items. One said: "The only number that makes any sense is the pre-tax profit number."

"The results were below what the market was looking for," said one trader. "FFr503m was really the bottom of the range."

The improvement at the net level was largely owing to a reduction in financing costs, with operating profits ahead only 3.5 per cent from FFr1.74bn to FFr1.8bn. Turnover was similarly subdued, advancing less than 3 per cent, from FFr29.19bn to FFr30.05bn. The company recorded a FFr43m loss from exceptional items, compared with a loss of FFr78m in the first half of 1995.

The group said pre-tax profit at Schneider Electric, its main division, advanced 25 per cent to FFr1.6bn, with net income ahead by 20 per cent to FFr639m.

Sales rose 3.8 per cent to FFr21.7bn, in spite of declining activity in France and Germany. Overall sales growth in Europe weighed in at 9.3 per cent and in North America at 5.7 per cent.

Operating income at Spie Batignolles, Schneider's construction arm, dropped to FFr17m, with "reserves for restructuring" helping to push the unit into a net loss of FFr48m.

Operating cash-flow rose 52 per cent from FFr135m to FFr205m.

The group said its civil engineering activities now only accounted for 10 per cent of the unit's sales and that the "substantial contribution" from its electrical business had made it "less vulnerable to the current recession in the building industry".

EUROPEAN NEWS DIGEST

Fortis in talks on MeesPierson

Fortis, the Belgian-Dutch insurance and investment institution, yesterday emerged as the suitor for MeesPierson, the venerable Amsterdam merchant bank which ABN Amro said this week it was in talks to sell.

The company said only that it was "currently in discussion with ABN Amro about the possible acquisition of MeesPierson" and that "in due course further announcements will be made". Although ABN Amro said on Tuesday it had received approaches from a number of parties, it is believed to be in serious talks with just one potential buyer.

Fortis groups the Utrecht-based Fortis Amev and the separately quoted Fortis AG based in Brussels. It has been expanding through acquisitions in banking, which in the half year to June contributed operating profits of Ecu258m ($207m) compared with the Ecu348m derived from insurance operations.

However, Fortis described the banking result for the period as "exceptionally high". Total assets at the end of June stood at Ecu127.4bn, of which Ecu87.1bn were on the banking side, and group net equity was Ecu5.35bn. Analysts expect MeesPierson to command a purchase price upwards of Fl 2bn ($1.17bn).

As a result of the merger six years ago, Fortis owns VSB, a medium-sized Dutch bank. MeesPierson would give it expertise in sectors such as securities research, fund management and corporate finance as well as a private banking division geared to wealthy individuals.

It is likely to be seen by ABN Amro as a more palatable purchaser than a heavyweight foreign banking group, which might seek to use MeesPierson to mop up Dutch equity and other business. *Gordon Cramb, Amsterdam*

Czech buy for Kimberly

Kimberly-Clark made its second Czech acquisition in a year yesterday, giving it a slender lead over Procter & Gamble, its rival US company, in the country's disposable nappy market. The company bought for an undisclosed sum Zisoft-Bobi, a maker of nappies and incontinence products, with a three-year old plant in Jaromer, in the north-eastern part of the country.

"Our purchase . . . provides an excellent base from which to grow Kimberly-Clark's diaper business in central Europe," Mr John Van Steenberg, president of Kimberly-Clark Europe, said.

Zisoft-Bobi has about 40 per cent of the Czech market, which is worth about $30m a year, and has grown by 45 per cent over the past three years. P&G has a share a few points lower and SCA of Sweden has about 12 per cent, Kimberly-Clark estimates. The Czech company sells under the Bobi nappy brand and the Absorba incontinent brand. It also exports its own-label goods to western Europe.

In its first Czech purchase, Kimberly-Clark bought Inova, a maker of feminine hygiene products in October 1995. *Roderick Oram, Consumer Industries Editor*

Heineken better than feared

Poor summer weather in Europe will make a smaller dent in Heineken's profits than the Dutch brewer forecast three weeks ago but it still expects to report lower earnings this year than last. The company will lose about Fl 30m to Fl 35m in net profits, not the Fl 50m ($29m) forecast at its interim results presentation in mid-September, Mr David Hazelwood, finance director, said yesterday.

The lost volume of beer and some soft drinks was about 850,000 hectolitres not 1m. Mr Hazelwood warned, however, against reducing profit forecasts by the same amount. The exact impact "depends on product mix, marketing spend and other factors" and the full effect would not be known until after the year-end.

Heineken's shares plunged after its interim warning of lower profits. It said no factors had turned significantly worse but analysts had failed to appreciate the impact of continuing trends on profits. Analysts have since cut their forecasts from profit growth in 1996 over 1995 of some 10 to 12 per cent to a downturn of about 2 per cent. The shares have fallen 25 per cent from their high of Fl 399 on June 6 to a low of Fl 308 on September 16. The shares lost 17 per cent immediately after the mid-September results and have shown no rebound since.

"Our past strategy has been successful and will continue to be successful," Mr Hazelwood told a meeting of London investors and analysts yesterday. Market conditions remained extremely tough in Europe, he said, but Heineken expects, for example, its purchase of three breweries last year in France to help it bring greater price stability in the own-label sector.

Investors appear to remain equally confident of Heineken's ability to keep a tight grip on production costs while extending its reach in markets around the world. Analysts say the shares, over-valued before the interim results, are now realistically priced. *Roderick Oram*

Portuguese bank plans float

A global offer of 13.2 per cent of Banco Totta & Açores, one of Portugal's top five banks, is to be made by the end of 1996, the government said yesterday. The offer, worth Es21.5bn ($139m) at current prices, will complete the privatisation of the group, which began in stages in 1989.

BTA is controlled by the Banco Pinto Sotto e Mayor group of Mr António Champalimaud, Portugal's richest individual, which purchased a 50 per cent stake last year. The sale is to be divided into a domestic retail tranche and a direct offer to international institutional investors through a book-building system. *Peter Wise, Lisbon*

GIB lifts first-half net profit

GIB, the Belgian retailer, said its net profit after minority interests totalled BFr2.54bn ($80.7m) in the six months to July, compared with BFr645m a year earlier. The figure includes a capital gain of BFr1.86bn on the sale of a minority shareholding in Homebase, a division of J Sainsbury. There was a BFr42m gain in the same period of last year, GIB said.

Sales fell 4.6 per cent, from BFr112bn to BFr106.9bn. Commenting on this, GIB said: "These figures are not comparable, since in 1955 they included Handy Andy, the US subsidiary." If Handy Andy were excluded sales would show a rise of 2.2 per cent, the company said. In spite of a sharp fall in operating cash flow in at the group's chain of Quick Restaurants, the overall figure rose 6.6 per cent, from BFr3.16bn a year earlier to BFr3.36bn. Do-it-yourself sales in Europe rose 1.4 per cent on an unchanged number of stores. *AFX, Brussels*

Saga advances strongly on increase in oil prices

By Hugh Carnegy in Stockholm

A profit surge fuelled by strong oil prices continued through the middle of the year at Saga Petroleum, Norway's biggest independent oil producer, driving pre-tax earnings in the first eight months of 1996 to NKr2.12bn ($328m).

The figure was almost double the NKr1.2bn posted at the same stage last year and exceeded profits for the whole of 1995. Pre-tax profits in the second four-month period rose to NKr1.06bn, up from NKr537m in the second four months of last year.

Pre-tax profits were further lifted by a swing from financial charges of NKr100m in the same period last year to a gain of NKr153m this year.

Normally high tax charges were relatively low in the first eight months at NKr1.3bn. As a result, net profits more than doubled from NKr352m to NKr792m.

Earnings per share rose from NKr4.2 to NKr5.8. Saga's most traded A shares moved up NKr1.00 yesterday to close at NKr106.50.

Saga said the average oil price obtained in the first eight months of NKr127 per barrel was higher than the average of NKr109m during the same period last year. Total oil sales also climbed strongly, from 25.3m barrels to 28.9m, owing in part to a reduction in Saga's stocks in the second four months from 1.9m to 0.2m barrels.

The company said it expected crude oil markets to remain "tight" for the rest of the year following the postponement of an agreement allowing Iraq – barred since the 1990 Iraqi invasion of Kuwait from exporting oil – to sell 700,000 barrels a day to cover humanitarian costs.

In a further sign that it expected prices to remain strong, Saga said oil inventories in industrialised countries were below normal levels, while demand in countries such as India, China, Thailand and Taiwan have grown more than 10 per cent this year.

For the longer term, Saga had more good news to report yesterday. It announced a 16 per cent increase in estimated reserves in the Snorre field in the North Sea, where it is the operator with a 12 per cent interest.

The field now has a reserve estimate of 1.3bn barrels of oil, with recovery expected to be 37 per cent, compared with the 25 per cent previously expected.

Saga's total sales in the first eight months rose from NKr3.7bn to NKr4.7bn. Costs meanwhile, increased less sharply, from NKr2.4bn to NKr2.7bn, leaving operating profits up from NKr1.3bn to NKr2bn.

Investment gains lift Orkla at eight months

By Hugh Carnegy

Orkla, the Nordic region's biggest branded food and drinks producer, yesterday reported a 26 per cent increase in profits in the first eight months of the year, after an increase in investment gains.

Pre-tax profits rose from NKr1.4bn to NKr1.7bn ($261m), largely in line with analysts' expectations. Earnings per share were up 20 per cent, from NKr21.4 at the same stage last year to NKr25.7.

The news was warmly greeted by investors, who pushed up Orkla's most-traded A shares by NKr8.50 to NKr373 at the close last night.

Total sales in the first eight months jumped from NKr13.1bn to NKr16.7bn, in part reflecting the consolidation of Procordia Food and Abba Seafood, the Swedish operations acquired from Volvo last year. At the same time, Orkla acquired a 45 per cent interest in brewer and soft drinks producer Pripps Ringes, which combined Volvo's Pripps with Orkla's Ringes operations.

Orkla's group operating profits were ahead 16 per cent, rising from NKr1.1bn to NKr1.3bn. A jump in investment portfolio gains from NKr358m to NKr580m pushed up pre-tax earnings.

Within Orkla's industrial operations – which cover its food and beverages and its chemical business – the top performers were the food and beverages divisions. Operating profits in the food unit rose from NKr193m to NKr351m, while profits in the beverages unit were up from NKr174m to NKr266m.

However, Orkla warned that the ending of Pripps Ringes agreements to make and distribute Coca Cola in Norway and Sweden early next year, would require considerable restructuring of the drinks company in both countries.

Swedish restructuring was already covered by a SKr200m ($30m) provision in the 1995 Pripps Ringnes accounts. In Norway, provisions would be "rather higher than this," Orkla said. But it added that once the winding-up period was completed, by the end of 1998, Pripps Ringes pre-tax profits would be only marginally affected.

Pripps Ringes sales fell in the second four months of the year from SKr3.1bn to SKr3.1bn, reflecting a fall in both beer and soft drink sales in Sweden. Beer revenues were hit by a trend towards private imports by consumers seeking to avoid high local alcohol taxes. Pripps Ringes profits in the second four months were unchanged at SKr502m.

COMPANIES AND FINANCE: The Deutsche Telekom privatisation

Deutsche Telekom, Europe's largest telecoms company, today publishes its preliminary prospectus, taking it closer to one of the world's biggest initial public offerings of shares next month. About 80 banks are part of the issue. However, BZW, the investment arm of Barclays Bank, has stayed outside the consortium and its telecoms analysts, Mr Robert Millington and Mr Robert Mocatta, have produced the only independent report to date on Deutsche Telekom. **Michael Lindemann** examines their conclusions

■ DOMESTIC COMPETITION

Aggressive defence surprises newcomers

Several of Germany's leading companies, including RWE, Veba and Viag, are licking wounds after discovering – to their surprise – just how aggressive Deutsche Telekom can be when it comes to defending market share, the BZW report says.

The would-be competitors looked at what happened in mobile telephony in the early 1990s, saw that the engineering and telecoms group Mannesmann "was cornering the market" and thought they could do the same, Mr Mocatta says. "They thought Deutsche Telekom was a sleepy giant whom they could run circles round."

But Deutsche Telekom struck back. In an inspired move, it decided not to burden clients with the VAT charges introduced at the beginning of the year. If it had, telephone bills would have risen 15 per cent.

What was also "incredibly smart", according to Mr Mocatta, was that last year Deutsche Telekom started offering its 1.7m business clients discounts of up to 40 per cent, depending on the size of their phone bills.

In the event, the discounts for corporate clients were challenged by the European Commission and cannot be introduced until November 1. But giving business clients an inkling of what was in store meant the damage to competitors was done, Mr Mocatta says.

"The aggressive 40 per cent price cut for business clients has caused a reassessment by new entrants of their strategies for developing their telecoms operations," the BZW report says.

As part of that "reassessment", Mr Mocatta points out, the newcomers to the telecommunications game are no longer so confident about how much market share they will take from Deutsche Telekom – something that they once talked about with enthusiasm.

In a particularly memorable incident, Mr Georg Obermeier, chief executive of Viag, the Munich-based conglomerate, said his group – which is allied with British Telecommunications – planned to corner up to 25 per cent of the German telecoms market by early next century.

Now Viag, which has since brought RWE on board, says it hopes to secure up to 15 per cent of the market over the next 10 years.

The difficulties facing the newcomers were underlined this week when it emerged that RWE, Germany's fifth-biggest listed company, had pulled out of GfD Gesellschaft für Datenfunk, a company awarded a licence for data transmission services in which it held a 38.5 per cent stake.

After trying for two years to compete with Modacom, Deutsche Telekom's data transmission service, GfD had found few clients and recently handed the licence back to the ministry for post and telecommunications.

The BZW report also notes Deutsche Telekom's labour costs, the highest of any European telecoms company. But it also points out that companies wanting to compete with Deutsche Telekom will also have to live with Germany's high labour costs.

Deutsche Telekom expands abroad...

COUNTRY	COMPANY	PURCHASE PRICE
Kazakhstan	Kazakh telecom	$550m
Russia	RTC (RTK)	
Ukraine	Utel	
Ukraine	UMC	
Hungary	Matav (1993)	$730m
Hungary	Matav (1995)	$405m
Hungary	Westel Radiotelefon	
Hungary	Westel 900	
Austria	Max-Mobil	$85m
Poland	PTC	
Czech Republic	T Mobil	$190m
E Europe	Bonanda	
Indonesia	Satelindo	$586m
Malaysia	TRI	$942m
Philippines	Islacom	
Thailand	Shinawatra International	$155m

Source: Deutsche Telekom, BZW

Ron Sommer, Deutsche Telekom's 47 year-old chief executive, is a former Sony Europe chief

...but its net income remains low

	YEAR-END	RETURN ON EQUITY	MARGINS: OPERATING	MARGINS: NET INCOME
Deutsche Telekom	Dec 95	23.9%	27.8%	8.0%
France Télécom	Dec 95	6.7%	18.5%	6.2%
BT	Mar 96	16.1%	19.4%	12.5%
Telecom Italia	Dec 95	6.3%	17.4%	4.8%
Telefónica	Dec 95	8.3%	29.3%	7.7%
KPN*	Dec 95	11.8%	21.0%	12.2%
TeleDanmark	Dec 95	14.1%	22.9%	18.5%
Portugal Telecom	Dec 95	10.1%	25.2%	8.4%
OTE	Dec 95	36.4%	39.4%	23.7%
RBOC average**	Dec 95	23.1%	21.2%	12.1%
US Long distance***	Dec 95	10.5%	10.5%	5.3%

Source: BZW *Telecoms operations only **Average of 7 regional Bell operating companies ***Average of MCI & Sprint

■ DEBT

Dividend plans cause concern on repayment

Few telecommunications companies provide such an array of sharply contrasting figures as those highlighted in the BZW report.

On the one hand, net debt of DM98bn ($64bn) makes Deutsche Telekom the second biggest corporate debtor in the world (Tokyo Energy is the biggest), and the 24th biggest overall.

According to BZW estimates, its gearing (the relationship between the company's debt and equity) is 406 per cent – more than four times higher than gearing for a sample of comparable European telecommunications companies.

That means the company's net profits are low compared with other European operators. While Deutsche Telekom's sales are twice those of British Telecommunications, its net profits are only 15 per cent higher.

Moreover, although Deutsche Telekom generates more cash flow than any other telecoms company, the size of its likely dividend also creates concern about its ability to pay down debts.

In their report, the BZW team had assumed a dividend payout of about 40 per cent of net profits. That estimate has since been changed as it emerged that the company will pay a dividend of DM1.5bn this year and DM3bn next year.

"The likelihood is that the payout will be more than 50 per cent, perhaps even 60 per cent," Mr Mocatta says. The European average, according to BZW, is 48 per cent.

Nevertheless, Deutsche Telekom remains a "formidable competitor" – not least because of its entrenched position in Germany, Europe's biggest telecoms market, where it has a market share of about 90 per cent.

But the company's net profits are extremely sensitive to compulsory price cuts in its domestic market.

Compulsory price cuts equivalent to the retail price index minus 7 per cent a year, starting in 1997, had been assumed by BZW.

However, in early September, the ministry of post and telecommunications announced a price cut of the retail price index minus 6 per cent over two years to be introduced in 1998, and again for a two-year period at the beginning of 2000.

The latest figures mean the pressure on Deutsche Telekom's net profits will be significantly less than assumed. "It is not a big restriction on Deutsche Telekom at all," says Mr Mocatta.

What Mr Mocatta is concerned about, however, is how Deutsche Telekom has managed to cover redundancy payments for 37,000 employees with a DM1.8bn provision in its 1996 interim results.

Deutsche Telekom says it has budgeted exactly for each redundancy using a detailed table of the payments due to its employees, half of whom are civil servants with jobs guaranteed for life.

However, the DM1.8bn provision implies an average redundancy payment of DM43,000 for each employee. BZW has calculated average redundancy costs of about DM100,000. "Given that these are civil servants who can't be fired, how come it has come up with such a low figure?" Mr Mocatta asks.

World's major debtors

Government/corporate debt

RANK	DEBTOR	$BN
1	US	4,964
2	Japan	4,153
3	Germany	1,382
4	Italy	1,250
5	France	889
6	Canada	616
7	UK	575
21	Tokyo Power	91
22	Finland	88
23	Argentine	77
24	Deutsche Telekom	67
25	Turkey	66

Source: World Bank

■ INTERNATIONAL EXPANSION

Succumbing to the lure of overseas attractions

Deutsche Telekom's release from the shackles of state ownership at the beginning of 1995 has had some undesireable effects, especially on the company's international activities, the BZW report concludes.

Until the beginning of 1995 Deutsche Bundespost Telekom was part of the German federal civil service, and under the 1949 constitution it was forbidden to invest abroad.

That all changed when the company became an *Aktiengesellschaft*, or joint stock company.

Mr Robert Mocatta compares Deutsche Telekom to a child in a sweet shop. "They were suddenly allowed to invest abroad and they went wild," he says.

Going "wild" meant initially that Deutsche Telekom pulled out all the stops to secure a 25 per cent in Satelindo, an Indonesian operator specialising in mobile and satellite transmission services, for which it paid $586m.

There were doubts at the time that Deutsche Telekom might be reaching too deep into its pockets for a stake in a fledgling company sensitive to the whims of the Indonesian regime.

"There are plenty of analysts in Asia who are still wondering whether a stake in a company like Satelindo made sense," Mr Mocatta says.

But Satelindo was only the beginning. This year Deutsche Telekom has bought stakes in Islacom, a Philippines-based telecoms group; Technology Resource Industries, a Malaysian fixed network operator; and Shinawatra, a Thai group.

Those stakes have been complemented by the DM825m spent this May to buy 49 per cent of the voting shares in Kazakhtelecom, the state-owned telecoms monopoly in Kazakhstan.

The Kazakh deal caused analysts most concern. It reinforced suspicions that Deutsche Telekom, still a state-owned company, was being used by the Bonn government to cement new political alliances in central Asia instead of focusing on potentially profitable telecoms ventures.

Most recently, T-Mobil, Deutsche Telekom's mobile phone subsidiary, spent an unspecified amount last week on a 25 per cent stake in a Chinese mobile phone venture.

BZW estimates Deutsche Telekom has spent more than $4.7bn on stakes in international telecoms companies and is committed to capital expenditure "of at least $5bn over the next five years."

The bank's report says Deutsche Telekom's acquisitions have been driven by a craving for market share and international profile, and have not been seen in the context of the group's spiralling debt.

"Telekom has been acting in the past couple of years as if debt were irrelevant," Mr Mocatta says.

"Taking a stake in a Chinese mobile phone operation may bring some long-term benefit, but is it more important than paying down the debts?

"I would like Deutsche Telekom to explain how it trades off these two priorities."

COMPANIES AND FINANCE: EUROPE

Crédit Lyonnais in need of fattening up for market

The French state-owned bank will need a fourth injection of cash to ensure a swift sell-off

Attending to fire damage at its Paris headquarters is just an obvious part of the reconstruction taking place at Crédit Lyonnais Reuter

Nothing could better symbolise the situation at Crédit Lyonnais, the nationalised bank which has just received a third government aid package, than the state of its historic Paris headquarters. Gutted by a fire in the summer, it is full of the noise and activity of reconstruction.

Sitting in his office – which was left untouched by the blaze – Mr Jean Peyrelevade, chairman, cannot conceal his satisfaction at the rebound into profits to FFr67m ($13m) for the group for the first six months of the year, unveiled yesterday after tense negotiations in the past few weeks.

"There are two big chapters in the history of the turnaround of Crédit Lyonnais," he says. "We have just closed the first one with the return to operating profits. The second – and it was not me who opened it – is to prepare for privatisation as soon as possible."

There is more than a little revisionism in these remarks. After all, it was Mr Peyrelevade who wrote in the 1994 annual report that he believed the bank should be profitable again from 1995. When they proved to be a meagre FFr13m, he said Crédit Lyonnais was marching on its two feet again.

Yet now he talks of the need for a new "adaptation plan" requiring additional state funding to prepare for the state sell-off, which most people had assumed was an integral part of the previous rescue plan.

After two previous packages brokered since spring 1994, Mr Jean Arthuis, the French minister of economics and finance, last week unveiled details of an additional FFr3.9bn in state aid without which the bank would have plummeted into the red again on Thursday.

He said in the same breath that discussions were under way for the preparation of a fourth plan to prepare it for a swift sell-off. Whereas the previous versions – carrying subsidies capped by Brussels at FFr45bn – were "rescue" plans, the new one would be for "recovery".

Why has so much aid been necessary, so long after Mr Peyrelevade was appointed by the state at the end of 1993 to clean up the problems inherited from his predecessors, whose uncontrolled expansion policies had left the bank with accumulated losses between 1992 and 1994 of more than FFr21bn?

It rapidly became clear that the legacy of the previous chairmen – who used expensive financing methods to acquire assets which turned sour – would eventually cost far more than these operating losses. An initial FFr42bn in property activities was ring-fenced by the bank into a company called OIG with limited guarantees from the French state in spring 1994.

This was simply tinkering. Many of the bank's other investments – including the MGM film studios – also needed treatment. Eventually the second plan, brokered during 1995, hived off FFr132bn in assets including OIG into a new company called CDR, which was charged to sell them off.

Mr Peyrelevade's solution from the start – inspired by similar practices elsewhere – was to entirely separate this "bad bank" from Crédit Lyonnais's on-going "good bank" operations.

But Mr Edmond Alphandéry, the finance and economics minister at the time, was determined that the bank should be made to pay for the errors of the past. As a result, it was required to make a loan to CDR equal in size to the assets transferred, while being reimbursed at below-market interest rates – creating a costly financing gap for Crédit Lyonnais.

It was only last week, some 12 months after the plan came into effect and two years after it was first discussed, that the French government agreed to a change. In the short-term, the interest rate paid to the bank will be significantly increased to "neutralise" the costs of the loan for 1995 and 1996. By the end of the year, a new plan will be in place, almost certainly requiring a supplementary injection of funds by the state.

"I am clearly a very bad negotiator," says Mr Peyrelevade. "The weight of the mechanism created by Mr Alphandéry was unsupportable. I have succeeded in getting what I wanted, but two years later. That is too long."

The change of heart by the authorities was in part due to his periodic resignation threats, and to a change in the French political administration. But above all, it reflected the changing economic circumstances.

When French interest rates fell last autumn, Crédit Lyonnais found itself locked in to financing its loan to CDR at high, fixed rates, while the interest it received was dropping in line with the market. Mr Alphandéry's structure cost the bank FFr560m in 1995, and was set to penalise it by a further FFr3bn this year.

Meanwhile, with the economy in the doldrums and the country's banks competing fiercely for business, the scope diminished for offsetting these additional financing costs with profits earned elsewhere. Without a modification to the plan, the burden would have made Crédit Lyonnais very difficult to privatise.

Mr Peyrelevade regrets that the persistent costs – and media attention – of the restructuring plan to deal with the errors of the bank's past have distracted from the considerable achievements in turning it round since his arrival.

He highlights significant reductions in costs, staff numbers and provisions against risks, the introduction of tighter lending controls and a sharp jump in operating profits. He points to new initiatives to increase the contact between staff and clients, branches open for longer hours, and an experiment with telephone banking. And he stresses that he has more than met the conditions imposed on him as part of the last restructuring plan to cut costs and sell off assets.

Mr Peyrelevade appears to have managed to negotiate well to save Crédit Lyonnais. The question is whether the bank should have been preserved at all – at a cost to the French state which many now estimate at more than FFr80bn, against the FFr49bn so far approved by Brussels. Could it not have been more cheaply dismembered, or sold for a symbolic franc to one of its rivals?

That would certainly have helped lessen the pressure on its competitors. But Mr Peyrelevade argues most clients who have left Crédit Lyonnais have not gone to Société Générale or Banque Nationale de Paris, his two large private sector rivals, but rather to the security of the state-controlled Caisse d'Epargne savings bank.

And it is this institution – along with several of its private sector competitors – which he claims has been largely responsible for offering loans to customers at cut-throat rates of interest, the factor most responsible for destroying the profitability of the banking sector in the past few years.

He adds that the costs and disruption of closing Crédit Lyonnais would have been far greater than the restructuring plans, and that no-one was in any case willing to buy the bank without a state guarantee of liabilities. "In any case, I'm not a liquidator. You would have to replace me if you wanted to do that," he says.

What is perhaps more surprising for a public servant associated with the former socialist government is that he believes the bank's privatisation is desirable.

His focus now is to prepare for sale from as early as 1998. He does not exclude interim sales of "non-strategic" activities, including those in western Europe outside France.

In exchange, he wants to ensure the financing links of the previous restructuring plans are formally severed, and says he will need another FFr9bn from the state to provide it with adequate funds and maintain its credibility and credit-rating.

Mr Peyrelevade's negotiating skills will be put to the test in the coming months as the terms of the next state-backed plan are reached. The history of the bank may again have to be re-written.

Andrew Jack

Taiwan bank in $84.7m US purchase

By Laura Tyson in Taipei

Taipei Bank SinoPac, a Taiwanese bank backed by the island's ruling Nationalist party, said it signed contracts yesterday to take over Far East National Bank, of the US, for $84.7m.

The purchase of the Los Angeles-based bank is the first overseas acquisition by the five-year-old SinoPac. The Taiwanese group said it hoped that approval from US and Taiwan regulatory authorities would be obtained by the end of next year.

Far East National has total assets of $500m with a net asset value of $44m, according to Bank SinoPac. Controlled by Mr Henry Hwang, a Chinese-American businessman, and listed on the American Stock Exchange, Far East National was founded in 1974 and has 10 branches in California.

With 24 branches in Taiwan, Bank SinoPac has total assets of T$110bn (US$4bn). Its pre-tax profits for the first nine months of this year rose 38 per cent to T$756m.

Bank SinoPac was one of 18 Taiwanese banks to be licensed in 1991 in a liberalisation measure designed to shake up the state-dominated banking system.

Many of the new banks plan to become regional financial institutions, and Bank SinoPac is no exception. It plans to set up offices over the next few years in Hong Kong, Vietnam, Indonesia and Singapore.

For the moment it is concentrating on several lines of business at Far East National, including trade finance, private banking and high-technology, taking advantages of links between California's Silicon Valley and its Taiwanese counterpart, the Hsinchu Science Park.

Other Taiwanese companies have bought smaller US financial institutions in recent years. Pacific Electric Wire & Cable bought a savings and loan bank in Texas, and Mr Jeffrey Koo, chairman of Chinatrust Commercial Bank, owns a bank in California.

Far East National maintains a small representative office in Beijing, although Bank SinoPac denied that the chief motive for the deal was to use the US bank as a vehicle to enter the China market. Taiwan has prohibited direct contact with Chinese government and financial bodies since the Nationalists, defeated by the Chinese communists, fled to Taiwan in 1949.

In mid-1995, Taipei began permitting indirect contacts with China's banks, allowing some Taiwan banks and offshore banking units to do business with the overseas branches of Chinese banks, as long as they routed their business through a third territory.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Prices for Trading on 04.10.96: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.76	9.04	9.04
0100	11.72	[illegible]	9.02
0130	11.72	9.00	9.00
0200	[illegible]	9.00	9.00
0230	11.72	9.00	9.00
0300	11.72	9.00	9.00
0330	11.72	[illegible]	9.00
0400	11.72	9.00	9.00
0430	11.72	8.99	8.99
0500	11.72	8.99	8.99
0530	9.02	9.09	11.32
0600	[illegible]	9.09	11.32
0630	11.76	9.09	11.32
0700	11.77	12.93	15.18
0730	16.70	12.91	15.17
0800	22.92	[illegible]	18.42
0830	24.54	18.70	22.57
0900	25.31	26.40	[illegible]
0930	40.40	33.62	40.49
1000	40.61	35.87	43.15
1030	40.24	42.37	51.67
1100	25.74	56.82	68.95
1130	[illegible]	62.75	[illegible]
1200	35.94	55.24	65.89
1230	35.61	49.36	58.68
1300	34.40	40.65	48.24
1330	23.28	26.02	31.55
1400	20.81	20.75	25.02
1430	20.61	17.88	21.40
1500	20.53	15.86	18.95
1530	20.49	14.95	17.90
1600	20.59	15.09	18.00
1630	24.27	16.51	19.84
1700	24.49	27.88	31.38
1730	24.42	27.01	30.30
1800	24.22	14.77	17.57
1830	21.99	13.40	[illegible]
1900	34.84	9.22	9.22
1930	38.07	[illegible]	9.19
2000	33.63	9.51	9.51
2030	17.88	20.94	23.34
2100	17.54	20.90	23.29
2130	[illegible]	20.57	22.86
2200	[illegible]	12.99	15.23
2230	14.12	12.68	[illegible]
2300	[illegible]	12.68	14.81
2330	14.12	9.08	11.32
2400	11.75	9.08	11.32

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible] becomes [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between [illegible] and [illegible] Monday to Friday.

Ford chases 10% of Asian market

By Jeremy Grant in Ho Chi Minh City

Ford yesterday signalled the *determination of US carmakers to carve out a share of Asia's increasingly competitive vehicle market, saying it would match rival* General Motor's target of capturing 10 per cent of the market by 2005.

Mr Wayne Booker, executive vice-president, said: "I *think we all use that number.* I think we'll all take as much as we can get."

However, he said that US carmakers' *growth in Asia* would take time. He pointed *out* that US vehicle manufacturers were little more *than bit players in the Asian* vehicle market by the end of the Vietnam war, and the Japanese rapidly stepped *in to take their place.*

Ford, GM and the other Detroit-based *manufacturer*, Chrysler, have set out to *change that, setting up* assembly and manufacturing *ventures from China to the* Philippines. "It [Japanese *domination*] wasn't created overnight and it won't be *changed overnight*. We're talking 20–30 years," Mr Booker said.

He was speaking in Viet*nam, on the first day of the* Communist-run country's largest car show.

Ford announced it would *start production of Transit* vans at a $102m joint ven*ture assembly plant in the* north of the country. Similar models dating from the early 1970s can still be seen in the streets of Ho Chi Minh City, the former Saigon.

Ford, like GM and Chrysler, sees Asia as one of the *fastest growing markets for* passenger and commercial vehicles. But that is where Mr Booker prefers to draw *the line at comparisons.*

Unlike GM, Ford does not see Thailand as the base for its exports in Asia. In May, *the board of GM decided to* commit $750m in Thailand to *establish a motor manufac*turing beachhead that will serve export markets in the rest of Asia.

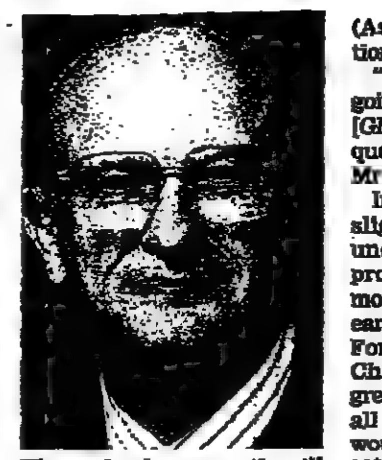
Analysts agree that this is further confirmation of Thai*land's position* as the *motor* manufacturing hub of Asia, *with all* Japanese and US manufacturers using it as a base and producing a combined 1m units a year by the end of the century.

Ford will, however, be looking for significant long-term growth from manufacturing bases in India, China and Association of Southeast Asian Nation (Asean) countries, in addition to Thailand.

"Our plant in Thailand is going to be as large as theirs [GM's], so I think it's just a question of perception," said Mr Booker.

In reality, the plant will be slightly smaller, at just under $500m, capable of producing 200,000 units – mostly pick-up trucks – by early 1997. Mr Booker said Ford saw the potential of China as "fantastically great", and that demand for all types of vehicles there would rise to 5m units by 2005, from 1.5m now.

However, as in Vietnam, there were problems with licensing delays and poor infrastructure. "Growth will probably be dependent on the pace of the approval process," he said.



Wayne Booker: growth will depend on approval process

Deep-water hopes buoy UMC shares

Risky exploration and production in West Africa has paid off for the US oil group

UMC seems to have a Midas touch. The Houston-based oil group pioneered oil exploration and production in Côte d'Ivoire and Equatorial Guinea, and its successes there have helped triple its shares since January 1995.

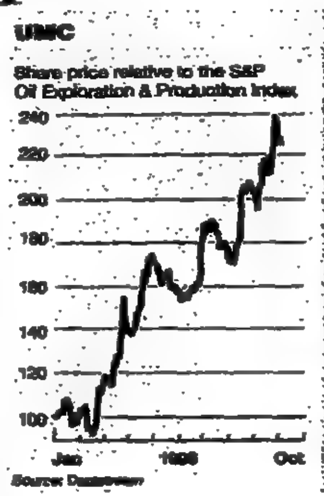
But much of the share rise, more than 150 per cent this year, is speculative, based on hopes that UMC can replicate its early success in more difficult deep-water fields.

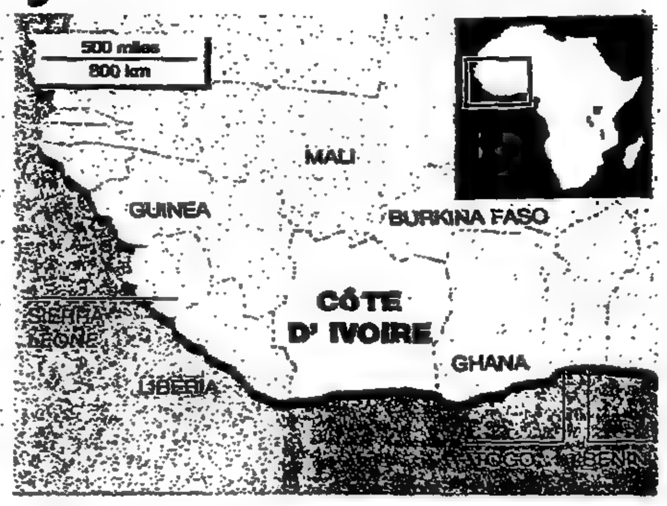
Optimism has been boosted by the *new fields* in West Africa, UMC's first out*side North America*. Production in West Africa is projected to rise from 9 per cent of UMC's total to roughly 25 per cent by year-end. In 1993, the company struck oil and gas in Côte d'Ivoire. It developed the Lion and Panther fields in record time and is producing the equivalent of 30,000 barrels a day.

Equatorial Guinea was its next success. In August, UMC began production in partnership with Mobil. Output is set to reach 40,000 b/d by December. UMC is exploring other blocks in Equatorial Guinea where analysts believe the potential is far greater.

UMC has succeeded where bigger companies have failed. Mr Joe Brusso, head of international exploration, explains: "In the 1970s and 1980s the big oil groups spent $2bn on exploration and some development in Côte d'Ivoire. But they did not find the corridors containing most of the oil. They found plenty of gas, but there *was no market for* it in Côte d'Ivoire. Then the *oil price collapsed.*"

Such success may partly *justify* the rise in *UMC's* shares from $17⅝ at the start of the year to yesterday's opening price of $45⅝. But with a price/earnings ratio of more than 300, much of the recent surge is based on hopes of success in risky deep-water exploration. Analysts warn that shares of medium-sized US oil exploration companies are highly vulnerable to disappointing results from drilling.





Last week UMC took the first step towards *breakthrough in Côte d'Ivoire's* deep water. In partnership with Royal Dutch Shell, it signed the first production-sharing contract in the country's deep-water concessions. Last week the government passed a petroleum law improving the terms for production-sharing contracts in deep water.

The potential oil and gas reserves are far greater than in the shallow water blocks, but the risks are far higher. UMC's existing fields are in shallow water, and technology is cheap in areas that *have been extensively* explored by the multinationals *in the past two decades*. By contrast, Côte d'Ivoire's deep water is unknown territory. New technology has put these deep-water oil and gas fields within reach, but only big reserves will be commercially viable.

The deal with Shell blends the financial strength and deep-water production expertise of the Anglo-Dutch giant with UMC's exploration skills in the region.

UMC's operations have helped Côte d'Ivoire move from complete dependence on imported oil and gas to *self-sufficiency* in energy needs in just two years. It has also played *a leading* role in attracting the bigger players *to take the plunge* in Côte d'Ivoire. The government there has acknowledged its gratitude to UMC by allowing it first pick of the new concessions.

Other US oil companies are following suit. Elf Aquitaine of France is making an initial study which should lead to a production-sharing contract or memorandum of understanding within six months.

Paul Adams

Thai Farmers forecasts slow profit growth

By Ted Bardacke in Bangkok

Thai Farmers Bank, the country's third largest bank, expects profit growth to remain in single figures both this year and next, president Mr Banthoon Lamsam said yesterday.

In the first six months of 1996, Thai Farmers posted a profit of Bt6.18bn ($240m), up only 9.5 per cent on a year ago owing to Thailand's economic slowdown and a growing level of problem loans.

Analysts had hoped that Thai Farmers, along with the rest of the banking sector, would post stronger profit growth next year and return to the times when the institution routinely saw its earnings grow by 20 per cent or more.

But Mr Banthoon said this was impossible "unless people try to lie" about their declining asset quality and did not make provisions accordingly. He described analysts and bankers who forecast approximately 15 per cent earnings growth next year for both his bank and the entire sector as "extremely optimistic".

One reason for slow profit *growth was that asset quality* would continue to decline throughout next year, making extra provisions necessary, Mr Banthoon said. He predicted that non-performing loans could reach between 7 per cent and 8 per cent of Thai Farmers total loan book, up from 4.3 per *cent at the end of the second* quarter and 3 per cent at the end *of last year*. "And this will still be better than aver*age for the entire sector*," he said.

The current ratio of non-performing loans to total loans for the entire banking sector is 7.7 per cent, according to W.I. Carr, the brokers.

Mr Banthoon also said that Thai Farmers had no plans to cut interest rates. If anything, there was upward pressure on deposit rates, he said. Other bankers have said that cutting rates is the key to jump-starting loan growth, which grew only 1.95 per cent year-on-year in the second quarter.

"There is no great demand *for* loans. We are *just* carrying on with our past busi*ness*," Mr Banthoon said, adding that the bank's re-engineering programme involved tighter scrutiny of new borrowers and thus a smaller but better quality book of new loans.

Bangkok Bank, the country's largest, corroborated Mr Banthoon's view on interest rates yesterday by announcing that it was considering raising deposit rates *by between 25 and 50 basis* points and that lending rates might rise as well.

Banking stocks fell 3.85 per cent yesterday on the news. Thai Farmers was down Bt5 to Bt165 and Bangkok Bank was down Bt10 to Bt210 in active trading.

KDD plans $895m cable

By Michiyo Nakamoto in Tokyo

KDD, Japan's largest international telecoms carrier, *is poised to enter the* domestic telecoms market *with a plan to lay optical* fibre cable in a loop around *the main Japanese islands.*

The Y100bn ($894.9m) project will also help reduce KDD's international phone rates and enhance Japan's role as an Asian hub in international communications.

Over the next three years it plans to lay 8,500km of undersea optical fibre cable with capacity of 100 gigabits a second, equivalent to 1.2m telephone lines. Dubbed the Japan Information Highway, the cable will form part of a network of undersea cables around the world.

At the same time, KDD *will use the large-capacity* cable to connect its domestic *customers* directly to its international network, *enabling it to bypass NTT*, the main domestic telecoms *carrier*.

The savings made here should help KDD cut international call rates. It currently pays about Y30bn in access charges to NTT, which it believes can be reduced by Y10bn.

Plans to lower its rates for calls to the US from Y480 to Y300 a minute by 2000 can now be brought forward.

The new cable also positions the company for entry into the *domestic long-distance* market. Although KDD is prohibited from carrying domestic telecoms business, it is expected *to be allowed into this market* next year.

It plans to link its undersea cable loop at 20 points *to the networks* of regional telecoms operators set up by electric power companies, and to use the resulting network for domestic long-distance services.

"The cable will make us more competitive by boosting the efficiency of our services," Mr Tadashi Nishimoto, president, said yesterday.

Philippines insurance market opened wider

By Edward Luce in Manila

The Philippine government said yesterday it would *accelerate moves to open up* the country's crowded insur*ance sector to foreign compe*tition and would probably award several new licences before the end of the year.

The announcement, which *follows* the lifting of the 40 per cent restriction on foreign ownership of local insurance companies, means the government has, in effect, reversed its decision *to limit competition* to 10 foreign companies in the life *and non-life sectors*.

Four foreign companies – Pru Life of the UK, Mapre Re of Spain, and Cigna Corp and Aetna Life Casualty of the US – have been allowed to enter the Philippine market since it was partially liberalised last year.

"There are now no limits *on the number of foreign* companies which can enter *the Philippine insurance* market," said Mr Eduardo *Malinis, commissioner for* insurance.

"All we ask is that companies follow our guidelines."

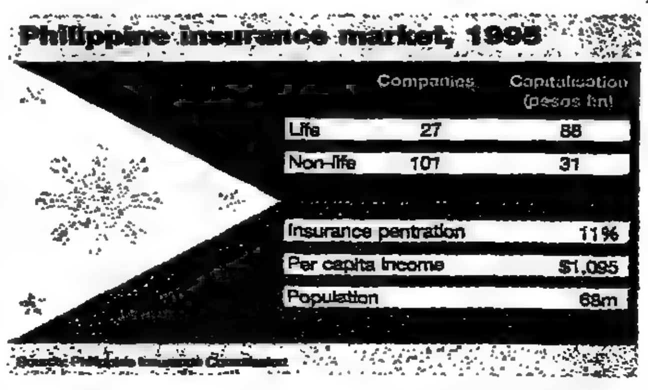
Mr Malinis said several foreign applicants – includ*ing Nippon Life Insurance of* Japan, ING Financial Ser*vices of the Netherlands*, John Hancock Mutual Life of the US, *and Zurich Life*, the UK subsidiary of Zurich Insurance Group, the Swiss multinational – were being evaluated. "All of the applicants match up to our requirements," he added. "It's just a question of when *we give the green light.*"

Government regulators say the *decision* to lift the remaining limits on foreign participation were *motivated* by the need to overhaul the domestic market, which is considered undercapitalised and inefficient. More than 100 companies compete in the domestic non-life insurance market, and 27 compete in life assurance.

However, just four companies – Jardine CMG, Philamlife, SunLife and Manulife – control more than 60 per cent of the domestic life market. The companies, all of *them foreign-based*, have operated in the Philippines *for more* than 50 years. "The Philippine market is ripe for restructuring," one foreign insurance executive said. "We expect to see the number of players dwindle quite rapidly once the new licensees are established."

Under the guidelines, applicants must have a minimum *local capitalisation of* 300m pesos ($11.4m) and be *publicly* listed in their country of origin. The company *must also be among the top* 200 in the world in terms of *market capitalisation.*

The government hopes stronger competition will lift the country's low premium rates and encourage Filipinos to take out insurance policies. Only 11 per cent of the population has insurance in any form, compared with more than 20 per cent in most south-east Asian countries.



Indonesian stock market goes on line with Web site

By Manuela Saragosa in Jakarta

Indonesia's stock market has gone on line in a project that claims to be Asia's first Internet Web site dedicated to providing information and dialogue between the country's capital market participants.

The move is unprecedented in a country of media censorship and where companies are notoriously reluctant to divulge information. It comes with the support of one of President Suharto's daughters, Mrs Siti Hedijanti Prabowo, who heads the country's Capital Market Society and is on the Jakarta Stock Exchange's board of commissioners.

Those who access "Indoexchange" (http://www.indoexchange.com) are offered a colourful display providing background on listed companies, notification of financial reports releases, news from the official state-owned wire service Antara, industry reports, market indices and an e-mail facility for correspondence between investors and companies.

Indonesia Net Exchange, a private company working with the Capital Market Society and set up with the support of regulatory authorities and issuers, says it has had more than 19,000 "hits" – Web pages accessed – in the first four days after the site's launch on September 26. It expects up to 500,000 hits a month by the end of this year.

The idea is "to create a meeting place for issuers and investors, a place that goes beyond a library and becomes a means of facilitating dialogue between market participants", said Indonesia Net Exchange director Mr Eddie Darajat.

Information on the site is not yet complete – stock quotes and graphs are scheduled to become real-time in mid-October – but eventually the Web site will include full details on every listed company on the Jakarta and Surabaya stock exchanges, including financial spreadsheets and shareholders lists.

By Net Exchange's own admission, the Web site's success will depend on the quality of information offered by companies. With government support, the site has an official sanction and there are plans to enroll Indonesia's Capital Market Supervisory Board (Bapepam) in feeding information on to the site.

The problem, as some analysts point out, is that Bapepam itself is sometimes criticised for not playing a more active role in enforcing transparency.

Mr Scott Coffey, Net Exchange's president director, believes user interest will create *further* pressures. Companies will be provided with monthly updates showing which one has received most interest in the form of "hits" from users. Those lagging behind their peers will feel competitive pressures to keep updating their information.

For now the project's main target market is foreign fund managers and Indonesian investors, effectively supporting the Jakarta Stock Exchange's efforts to increase the size of the domestic investor base. The project may well help bridge the Indonesian market's big gap between those in and out of the know.

ASIA-PACIFIC NEWS DIGEST

Watchdog looks into KPN bid

Australian financial *authorities* are investigating heavy buying of share options in the transport group TNT before the announcement of *a takeover bid* by Dutch postal and telecommunications group KPN on Wednesday.

The Australian Stock Exchange said its surveillance division was looking into some "unusual on-market trade in TNT Ltd options, trade which occurred during the period immediately before the formal announcement of a takeover bid for the company". The Australian Securities Commission has also been called into the investigation.

KPN's friendly bid of A$2.45 a share was at a premium of 48 per cent to the previous market price. The shares gained 79c to close at A$2.42 on Wednesday, and slipped back to A$2.40 by the end of Thursday.

The exchange said certain trades made by Macquarie Equities, the stockbroking division of Macquarie Bank, were among those being examined.

Bethan Hutton, Sydney

Guangdong Development up

Net unaudited first-half profits at Guangdong Development Fund, the London-listed investment trust which specialises in southern China infrastructure projects, rose 85 per cent to $2.67m. Net assets per share rose 1.23 per cent to $0.988.

The company said the increase in net profit would be only 42 per cent after adjustment for the non-accrual of some income in 1995. This is in line with forecasts made when the company listed in Hong Kong in July. Funds invested rose to $70.84m at the end of June, up from $55.69m *a year earlier. The company* has continued to invest in spite of the slowdown in the Chinese economy. Brokers expect investments to rise to around $85m *at the* end of the year. *Peter Montagnon, Asia Editor*

Bid talk lifts ICI Australia

Shares in ICI Australia closed at a record high of A$12.86 (US$10.30) yesterday on market rumours of a buy-out by parent company ICI of the UK. ICI plc now owns 62.5 per cent of ICI Australia, and there has been long-standing speculation it would at some stage buy the remaining 37.5 per cent.

The rumours were apparently caused by reports that ICI Australia was switching to the auditors used by ICI plc, and by a recommendation to buy from a firm of stockbrokers. Following a query from the Australian Stock Exchange yesterday, ICI Australia said it had no information which would explain the rise in the share price and predicted a 15 per cent downturn in full-year profits for 1995–96. *Bethan Hutton*

GM close to Thai land deal

General Motors of the US said yesterday it was close to a deal with Thai property company Hemraj Land Development to buy almost 60 hectares of land for its new $750m manufacturing plant in Thailand.

The land, whose value was not disclosed, is in Hemraj's industrial park on Thailand's eastern seaboard. The industrial park subsidiary of Siam Cement, Thailand's largest industrial conglomerate, was originally the favourite to win the land deal. *Ted Bardacke, Bangkok*

Steel group warns on profit

The National Steel Corporation (NSC), the Philippines' partially privatised steel company, warned yesterday that profits would drop at least 12 per cent in 1996 after a poor first half. However, the warning, which follows the government's failure to attract bidders for the remaining 25 per cent stake *it holds* in NSC, *also said* profits would rebound to about 1.16bn pesos ($44m) in 1997.

The company, which is 75 per cent owned by Wing-Tiek of Malaysia, said domestic demand for steel would grow 8 per cent in 1996 and 12 per cent in 1997. NSC blamed the first-half net loss of 384m pesos on higher operating costs and restructuring.

The government plans to hold a second bidding round later this year, *offering its shares at a lower price*. The failure to attract any bids earlier this week caused *surprise, as 11 foreign companies, including Marubeni* of Japan, had expressed interest in the stake. If the second round proves fruitless, Wing Tiek can take 100 per cent control of the company. *Edward Luce, Manila*

Piltel counters revenue report

Pilipino Telephone Corp expects revenue lost in 1996 as a result of cellular phone cloning to be below *last year's* 120m pesos ($4.57m) following the installation of fraud detection equipment in July. A newspaper had *reported* that Piltel was likely to lose about 216m pesos in revenues this year because of cloning. *AFX-Asia, Manila*

هكذا من الأصل

Inspirations shares drop on costs warning

By Scheherazade Daneshkhu

Shares in Inspirations plunged yesterday from 134½p to an all-time low of 86½p, after the package holiday company revealed that peak season flight delays could cost it up to £10m ($15.6m).

The problems arose this August at Caledonian Airways, the charter airline it bought from British Airways in 1994. Hundreds of holidaymakers were left stranded.

Inspirations said the flight delays were caused by late delivery of aircraft by its aviation and maintenance supplier – British Airways Engineering.

"These frequent late deliveries had severe consequences for our operating programme and alternative arrangements often had to be made at significant cost to the group," it said. It was trying to recover the costs – believed to be up to £10m – from British Airways.

Inspirations, which floated on the USM at 100p in December 1992 before moving to the main market in February, said the costs included leasing replacement aircraft and paying for holidaymakers' hotel and meals.

Mr Vic Fatah, chief executive, said it was in negotiations with British Airways Engineering and until a settlement was reached it was impossible to calculate the net costs to the group.

He expected the group to break even for the year to September 30, before recovering any costs. Analysts had expected pre-tax profits of £7.7m.

British Airways said that it had received a formal complaint from Caledonian Airways. "We have acknowledged that there have been occasions when engineering work has taken longer than expected, but safety must come first."

Mr Fatah said the engineering problems had marred an otherwise strong performance.

TI may face US fraud appeal

By Tim Burt

Lawyers acting for the US justice department have asked a New York appeal court to reverse a ruling that TI Group, the engineering and aerospace components specialist, cannot face fraud charges relating to the sale of aircraft parts.

The second circuit court of appeal was urged this week to rule that TI should face proceedings for allegedly inflating labour costs and raw material prices during a 10-year scheme to defraud the US Air Force.

TI won the first round of the $60m legal battle this year when a district court in New York decided it had no jurisdiction over the case. TI yesterday reiterated that it had investigated the matter and had found no evidence of any wrongdoing.

It is the first lawsuit in which the US government has pursued fraud action against a company supplying components from outside the country.

LEX COMMENT

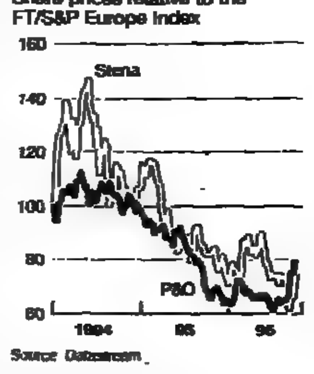
P&O/Stena

The planned merger of P&O and Stena's channel ferry operations is the best solution to a gruesome problem. For shareholders in the two big operators, it is far better that they should stop slugging it out. And a full merger is clearly preferable to a pooling arrangement in which separate brands were preserved. At £75m a year or more, the cost savings should be well worthwhile. Whatever the companies may say, some relief from the current price war is clearly part of their aim. Nonetheless, competition authorities should not fret too much. In any ordinary market, eyebrows would certainly be raised. But this is an unusual game in which the biggest player, Eurotunnel, in effect cannot go bust. If regulators banned the deal, they would be unlikely to achieve much; in the end, either P&O or Stena would pull out anyway. Regulators will simply need to keep an eye out to try to prevent a cosy ferry-tunnel duopoly from evolving.

For Lord Sterling, P&O's chairman, the deal is the latest in a series of badly-needed attempts to reinvent the company he runs – a powerful example of shareholder pressure achieving results. For his sprightly response, Lord Sterling deserves credit. But shareholders must hold the management to its promised disposals and return on capital target. And short-term relief should not divert shareholders asking whether they really understand and agree with the company's long-term strategy.

Channel ferries

Share prices relative to the FT/S&P Europe Index



Source: Datastream

Eastern's shiny black defence

Ross Tieman and Simon Holberton explain why coal group Peabody is a poison pill in the Hanson demerger

The energy business to be demerged from Hanson early next year will, it appears, be endowed with a poison pill against takeover.

Analysts say the inclusion of Peabody, the biggest coal producer in the US, within The Energy Group will deter predators that might otherwise make a play for Eastern, Hanson's UK electricity and gas business.

The theory is that few electricity generators would want to own a coal miner and bidders would also be wary they say, of Peabody's substantial liabilities for lung diseases contracted by former employees.

As a result, according to one analyst, "the Eastern multiple will be depressed by the multiple of Peabody. They should have demerged them separately."

If the analysts are right, the four-way demerger of Hanson, conceived as a device to enhance shareholder value, may take some time to deliver the results.

Shares in Millennium Chemicals, another spin-off, opened on the New York Stock Exchange on Wednesday at $22½, well below expectations, and have scarcely moved since. Millennium should appeal to a bidder anxious to consolidate chemicals production at a low point in the industry cycle. But its poison pill defences, constructed before demerger, appear to be depressing the share price. On the other hand, Imperial Tobacco Group, demerged on Tuesday, rose a further 13p to 417p yesterday amid bid speculation. –

The value of The Energy Group is acutely sensitive for Hanson. It bought Eastern, the UK's biggest regional electricity distributor, just a year ago. Adjusted for debt, and the subsequent sale of its stake in the National Grid, Hanson paid £2.7bn ($4.21bn) for it.

Since then, shares in regional electricity companies have fallen sharply amid fears of tightening regulation. Now, brokers value the entire Energy Group at little more than £2.3bn.

Some analysts suggest that demerging Eastern so soon after acquisition would have shown up a loss of shareholder value because it would have gone at a discount to the bid premium that Hanson paid.

John Devaney: 'It's a market that's opening up forever'

With 6,000MW of leased coal-fired generating plant added to its interest in three gas-fired stations, it is now the UK's fourth-largest generating group. It has also become the leading electricity trader, accounting for 17 per cent of UK consumption.

Diversification into gas supply has continued. It has about about a third of the UK commercial and industrial market. Mr John Devaney, Eastern's chief executive, says: "It's a market that's opening up forever."

During the current year, NatWest Securities estimates that Eastern will generate operating profits of £302m on sales of £2.33bn. Peabody is forecast to turn in £149m of operating profits from sales of £1.31bn.

Protected from takeover by its indigestible composition, The Energy Group appears determined to plough its own furrow as a growth company, not a yield stock like most UK utilities.

Rank in talks with Trump

By Scheherazade Daneshkhu

Rank Organisation said yesterday that it was in preliminary talks with Donald Trump, the property developer, to turn Trump Castle hotel and casino in Atlantic City into a themed Hard Rock hotel and casino.

The diversified leisure group, which does not have a casino licence in the US, said it was in talks about theming the hotel and casino as Hard Rock.

Rank would operate the food and live music operations while Mr Trump would operate the casino.

A Hard Rock café is due to open at Trump's Taj Mahal casino in Atlantic City in November. Mr Jim Berk, managing director of Rank's Hard Rock division, said: "We've gone to a casino operator with whom we have an existing relationship."

This year, Mr Andrew Teare, chief executive of Rank, said that branding casinos with Hard Rock was a very strong possibility in the future. There is already an existing Hard Rock casino-hotel in Las Vegas.

Head of compliance at DBS leaves

By Nicholas Denton

The head of compliance at DBS Financial Management – a company which assists independent financial advisers in complying with financial regulations – has been forced to leave the company after making allegations against its board.

DBS – a network providing training, marketing and advice on computers, as well as compliance services, to financial advisers – announced yesterday that Mr Kenneth Stead, its director of compliance, had been asked to resign.

Shares in DBS, which is listed on Aim with NatWest Markets as its sponsor, fell 58.5p to 422.5p.

The company is postponing its move to a full London Stock Exchange listing until investigations into Mr Stead's allegations were completed.

The Huddersfield-based company said a national law firm had examined Mr Stead's most serious claim and found it to be unsubstantiated. It has referred the charges to the Personal Investment Authority, which plans to conduct its own enquiries.

"I would be happy to assist the PIA with their inquiries," Mr Stead said.

Mr Stead joined DBS in 1989. This year, as DBS was preparing for full listing, he unearthed compliance issue dating back to 1992, to which he apparently felt the response of other DBS directors had been inadequate. DBS yesterday refused to disclose the nature of the allegation.

Rising tide of competition

Charles Batchelor analyses the P&O and Stena announcement

Lord Sterling, chairman of P&O, was taking the long view yesterday. When the Suez Canal opened in 1869, knocking weeks off journey times to Asia, P&O's passenger and mail services were thrown into turmoil, he recalled.

The opening of the Channel tunnel in 1994 forced P&O and Stena Line of Sweden into similar far-reaching adjustments, he explained.

The two shipping lines may just be just riding another wave in the long-term history of sea travel but there was no disguising the urgency with which they had to find a solution to their problems on the Channel.

Both were under pressure to find an answer to the fierce price-cutting war while Lord Sterling was facing more wide-ranging criticism of his stewardship of P&O.

Some investors felt P&O had run out of steam and needed to get a grip of its disparate businesses.

The deal with Stena, if it is approved by competition authorities in London and Brussels, represents the third big step to resolving P&O's problems. The first was the announcement in March, that P&O will float its Bovis Homes subsidiary in 1997; the second was the merger in September of P&O's container business with that of Nedlloyd of Rotterdam.

Senior executives of the companies have spent the past three weeks putting the deal together. It was no secret that P&O and Stena had been discussing links following the decision by the UK trade department in July to free the two companies from agreements that they would not pool their ships or merge. But what did surprise observers was the speed of a deal.

There were powerful constraints on the time available to negotiators. They needed new arrangements in place for the spring sailing season; they had to give the regulators time to review their plans; and they had to get the UK review process under way before the general election which must be held by May. If Labour wins it is likely to initiate a review of competition policy, delaying merger approvals.

The first result of the merger will be for the two companies to take out of service two of the 10 vessels on the Dover-Calais run though more will be retired later. This will provide a £75m annual saving on total costs of £280m though there will a one-off restructuring cost of £38m in the first year. More than 1,000 of the 5,500 jobs in the two companies' "short-sea" operations will go.

P&O's debt will be reduced by £148m as a result of the deal while Stena will shed £134m of debt. P&O is transferring ships and other assets worth £255m while Stena will inject £185m of assets.

The two partners do not expect to be able to raise fares as a result of the merger but they do hope it will stabilise prices.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Benchmark	Yr to June 30	3.66	(10.1)	0.061♥	(0.226L)	0.27	(2.49L)	-	-	-	-	-
Beradin	6 mths to June 30	0.425	(0.619)	0.157	(0.368)	0.7	(1.71)	-	-	-	-	2.75‡
BWI	Yr to July 31	97	(90.4)	5.33	(7.08)	12.4	(10.4)	4.3	Jan 3	4.3	7.3‡‡	7.3‡‡
Dares Estates	6 mths to June 30	4.41	(3.56)	0.956L♠	(4.77♥)	2.04L	(16.8)	-	-	-	-	-
Densitron Intl	6 mths to June 30★	16.5	(17.4)	0.892	(0.566)	1.29	(1.25)	0.6	Dec 5	0.55	-	1.55
Derwent Valley	6 mths to June 30	9.63□	(6.33□)	4.13♥	(1.55♠)	8.31†	(4)	1.9	Nov 18	1.73	-	5.6
Elect Boutique	6 mths to July 31	24.3	(18.3)	3.26L	(6.68L)	1.25L†	(4.61L)	nil	-	nil	-	nil
El Oro Mining	6 mths to June 30	-	(-)	0.617	(1.24)	10.56	(19.31)	-	-	-	-	21
Energy Capital	6 mths to June 30	1.39	(0.572)	1.2	(0.424)	4.47	(1.62)	-	-	-	-	4
Exploration Co	6 mths to June 30	-	(-)	0.915	(1.27)	6.08	(7.53)	-	-	-	-	10.5
Galliford	Yr to June 30	180.8	(209.6)	1.09♥	(1.17♥)	1.05	(1.11)	0.5	Dec 2	0.5	1	1
Hamleys	6 mths to July 27	11.4	(11)	1.08	(1.68)	5.7	(5.1)	3	-	2.7	-	8.1
Hopkinsons	6 mths to July 31	31.6	(55.4)	0.411♥	(0.583L)	0.39	(1.23L)	0.5	Nov 29	0.5	-	1.3
Jacks (Wm)	6 mths to July 31	51.1	(40.7)	0.421	(0.267)	1.76	(1.44)	1	Nov 15	0.75	-	1.75
Martin Intl	6 mths to June 30	41.8	(53.8)	0.453L	(1.34L)	1.8L	(4.2L)	0.45	Jan 2	0.45	-	1.1
MDIS	6 mths to June 30	80.5	(79.1)	9.21L♠	(1.67L♠)	9.39L	(2.3L)	nil	-	1.2	-	1.2
Padang Senang	6 mths to June 30	0.251	(0.429)	0.151	(0.233)	2.05	(3.17)	-	-	-	-	4.5‡
Rap	6 mths to June 30	17.5	(12.5)	0.366	(1.13)	2.1†	(7.2)	0.6	Nov 22	1.65	-	[illegible]
Singapore Para	6 mths to June 30	0.441	(0.534)	0.246	(0.345)	[illegible]	(2.27)	-	-	-	-	3.5‡‡
Virtuality	6 mths to June 30	3.54	(6.27)	3.78L	(0.583L)	13.4L†	(2.2L)	-	-	-	-	-
Voss Net	6 mths to June 30	0.251	(0.161)	0.134L	(0.321L)	-	(-)	-	-	-	-	-
Wedderburn Φ	Yr to May 31	0.711	(0.076)	0.34L	(0.17L)	-	(-)	nil	-	nil	nil	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Abtrust Preferred ✣		-	(-)	-	(-)	-	(-)	3.25	Nov 15	3.25	-	14
Schroder Split	6 mths to July 31	[illegible]	([illegible])	2.51	(2.44)	4.43	(4.37)	4♦	-	3.8♦	-	7.85

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ‡Foreign income dividend. ‡‡Includes FID element. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ★Comparatives restated. □Gross rental income. ΦAim stock. ✣First interim for year to May 31 1997. ♦First half. L Loss.

Prices hit by profit-taking after early gains

GOVERNMENT BONDS

By Samer Iskandar in London and John Authers in New York

High-yielding European government bonds continued their rapid convergence towards German bunds yesterday, with their spreads tightening by more than 10 basis points before widening in the afternoon on profit-taking.

"A lot of investors were sitting on very high unrealised profits", said Mr Julian Jessop, European economist at Nikko, in London. "The weakening of the dollar and nervousness ahead of [today's] US employment data caused the selling."

The December BTP future, traded on Liffe, reached a high of 124.13 before falling to close at 123.20, down 0.10, as the lira weakened against the D-Mark from L989 to around L992.

In the cash market, the 10-year benchmark BTP closed 0.12 lower at 108.36, with its yield spread over bunds wider than at midday at 230 basis points, but still 6 points narrower than on Wednesday.

"The scope for further tightening [of yield spreads over bunds] is still intact, even if Italy joins the single currency with a small delay", Mr Jessop added. "But in the short term, there is the risk of communist opposition to the budget plan, which could give the market a bumpy ride."

■ Spanish bonds also suffered from profit-taking. Although the December bono future was propelled to a high of 107.67 by the Bank of Spain's decision to cut its *repo rate by 0.5 percentage* points to 6.75 per cent, profit-taking brought it down later in the day to close at 106.98, down 0.40.

■ UK gilts also retreated from their earlier highs. *Liffe's December long gilt* future settled at 109¾, down ⅛, after reaching an intraday high of 110⅝.

"The recent rally has been supported by the Labour party conference," said Mr Don Smith, economist at HSBC Markets.

"Labour's pro-European stance was known in the City, but the conference conveyed this message to an international audience."

Mr Smith believes hints of divisions over the single currency within the Labour party were responsible in part for yesterday's profit-taking.

"Now the conference is over, the market's enthusiasm could wane. We would need a clearer position on the single currency for the rally to resume."

■ Europe's core markets, meanwhile, had a less volatile session. Liffe's December bund future closed at 99.14, down 0.12, while the Matif's December notional contract settled 0.06 higher at 125.42.

In the cash market, the 10-year yield spread of OATs over bunds slipped *to zero, against 3 basis points* on Wednesday.

■ US bond prices were drifting lower at midday, as the market prepared itself for today's unemployment figures, now viewed as a crucial indicator of the overall strength of the economy.

Observers suggested dealers were taking the opportunity to take profits before the *heavy activity likely* today, although most forecasts suggest that the unemployment figures will show that the economy is *not* overheating, and see no serious fears of inflationary pressure.

Overnight gains in foreign markets, caused mainly by the strength of the dollar, sparked initial gains for the benchmark 30-year Treasury bond, which at one point reached 99⅞, comfortably above Wednesday's close of 98⅞. By midday it stood at 98⅝, to yield 6.85 per cent, up from its previous close of 6.835 per cent.

In early trading in New York, the yield on the two-year note almost slipped back above the 6 per cent barrier breached for the first time in a month on Wednesday. By noon, it was yielding 5.99 per cent, up from the previous day's 5.96 per cent.

This meant that the yield curve between the two-year note and the 30-year bond *flattened by 2 basis points,* as the yield on the note increased by more than that on the bond.

Cairo sets a busy timetable for privatisation

The Egyptian government, keeping up the accelerated pace of its privatisation campaign, plans to offer 19 companies for sale in the fourth quarter.

Dr Mokhtar Khattab, senior adviser to the minister of the public sector, said: "The next three months will provide a cocktail portfolio of companies, each one worth more than E£150m ($44m)". The total value of the 19 companies is approximately E£4bn.

Nine companies will be floated on the stock exchange, six of which will be majority stakes. In addition, Egypt will attempt to sell Al Ahram Beverages, Egyptian Company for Food, and Industrial Gases Company to anchor investors, and seven companies will be prepared for strategic sales in the new year.

Although Al Ahram Beverages *holds a monopoly* on beer production in Egypt, analysts believe that it will be hard to sell at the current *price tag* of E£300m. It has outdated production facilities, alcohol is a sensitive issue in Muslim Egypt, and it is rumoured that other companies have been licensed to brew beer.

The public *enterprise* office announced on Monday an ambitious privatisation time-table for the next 21 months. It intends to sell 91 companies with a total value of E£18bn by June 1998, including 64 to anchor investors and *27 in public offers.*

Mr Khattab said: "If a company is profitable, we will place it for public offering; but if it is not, it will be sold to direct investors."

One Cairo broker said there *is* "no way" this target could be met, and added: "It has taken five or six months to conclude each strategic sale so far." He believes it would be more realistic to make these strategic sales over six to seven years.

After years of slow growth and gradual adjustment to market discipline, Egypt finally ignited its privatisation programme in May.

The public enterprise office offered stakes in 14 companies on the Egyptian stock exchange between May and August, *lifting average* daily trading volume to E£22m, some 10 times more than last year. The market *p/e* is 8.5, *growth in earnings* per share 12 per cent, and the dividend yield 8 per cent.

The Egyptian government, understanding the importance of developing the market, is applying a 15 to 30 per cent *IPO discount.* Recent privatisations have been oversubscribed 15 times, making allocations small *compared with demand.*

But the current infrastructure of the Egyptian capital markets has been overwhelmed by the volume of transactions over the last three months, which has left up to *40,000* trades unsettled.

The broker described the situation as "very serious". He has been waiting eight weeks *to sell his stock,* but has not received the transfer of ownership certificate. The market authorities expect to have a central depositary system in place by the end of November, reducing settlement time to three days.

All public sector companies will distribute dividends over the next two months, bringing market prices down. Analysts expect a correction in the market over the next four to six weeks, of about 5 per cent.

Sean Evers

Lisbon underground system raises $100m over 20 years

INTERNATIONAL BONDS

By Conner Middelmann

The eurobond market took a breather yesterday *after several hectic sessions,* subdued by the national holiday in Germany and caution ahead of today's release *of US jobs data.*

However, Metropolitano de Lisboa, the City of Lisbon's *underground rail* system, brought life to the dollar sector, where it issued $100m of eurobonds, sold to US investors under SEC Rule 144a, with a 20-year maturity – the longest ever achieved by a Portuguese non-government borrower. It was also the first eurobond the borrower has issued.

"Metropolitano has previously received a lot of funds from lenders like the European Investment Bank, but wanted to diversify its source of funding and extend its maturity profile," said an official at book-runner Merrill Lynch, which collaborated on the deal with arranger Banco Finantia.

The proceeds from this issue are to go towards an ambitious programme of extending the company's *network, which is expected* to cost more than Esc300bn, ahead of the Lisbon World Exhibition in 1998.

A guarantee by monoline bond insurer Financial Security Assurance (FSA) enhanced the bonds' credit by giving the issue triple-A ratings. The FSA guarantee also made it easier for this unknown borrower to *raise* funds with such a long maturity.

The bonds, which were *priced to yield 75 basis* points over Treasuries, saw strong demand and the issue was three times subscribed, the official said. *Some 75 per* cent of the deal went to US institutions, which tend to be more familiar with FSA *guarantees and are keen* buyers of 20-year debt.

The issue highlights the growing interest of European municipalities *in raising* funds on the international capital markets, especially as national governments tighten their fiscal belts in order to meet the Maastricht criteria *for European monetary union.*

American Express Travel Related Services issued $135m of floating-rate notes yielding 14 basis points over Libor at the re-offer price. According to lead manager *Goldman Sachs,* the issue was placed by the time of launch after successful premarketing.

The deal replaces an issue of FRNs the borrower called about a month ago. That issue, launched in 1993, paid *a coupon of 37.5 basis points* over Libor, compared with 10 points on the latest deal, illustrating the sharp contraction of spreads on FRNs in the past three years.

In the French franc sector, Germany's Depfa Bank issued FFr1bn *of two-year* structured notes which pay 15 basis points over Pibor for the first year and then revert *to a fixed 4 per cent coupon.* According to lead CCF, the bonds were aimed at French money managers hunting for attractive yields on money-market instruments.

● The second ever auction of government bonds by the Egyptian central bank, which took place earlier this week for a total E£4bn ($1.2bn), was subscribed two and a half times writes Sean Evers in Cairo.

Ms Maka Balaigh, a fund manager with Hermes *Financial, said "investors'* interest indicated the high liquidity in Egypt's financial institutions and the attractiveness of the bond".

The paper, callable after five years, was offered at a yield of 11 per cent.

Last year the Egyptian parliament authorised the central bank, which previously only offered three and *six-month bills,* to raise E£15bn through bond issues. In May 1995 the bank offered E£3bn of five-year bonds.

"This bond issue is important because it starts to create a yield curve," Ms Balaigh said. "We expect it *to trade extremely* well on the market."

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
Amex Travel Related Srvs(a)‡	125	(a1)	99.825R	Oct 2001	0.15R	-	Goldman Sachs Intl
Metropolitano de Lisboa(b)‡*	100	7.42#	100.00	Oct 2016	0.50	-	Merrill Lynch
■ GUILDERS							
F van Lanschot Bankiers	350	6.25	99.45R	Oct 2006	0.425R	+37(i)	Rabobank International
■ FRENCH FRANCS							
DePfa Bank(c)	1bn	(c)	100.00R	Oct 1998	0.15R	-	CCF
Crédit Local de France(d)	500	5.375	100.56R	Oct 2001	0.25R	+17(5¾%-01)	ABN Amro HG/BNP
■ ITALIAN LIRE							
Abbey Natl Trsy Services	200bn	7.625	101.66	Nov 2001	1.875	-	Credito Italiano
■ LUXEMBOURG FRANCS							
Eurofima	2bn	6.00	102.00	Nov 2006	1.875	-	Crédit Européen-BBL
BGB Finance Ireland	2bn	(e)	102.60	Dec 2008	1.875	-	CE-BBL/Kredietbank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Callable from Oct 99 at par. a1) 3-mth Libor +10bp. b) Amortises in equal instalments semi-annually from 15/4/07. c) 3-mth Pibor +15bp to Oct 97, then 4% fixed annual. Long last coupon. d) FFr2bn launched 25/9/96 was increased to FFr2.5bn. e) 5% to 29/12/99, then 6% to 29/12/01, then 7%. i) Over interpolated yield. j) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	93.8020	+0.200	7.64	7.74	8.10
Austria		6.250	05/06	101.1500	-0.060	5.95	6.04	6.37
Belgium		7.000	05/06	106.0300	+0.040	6.14	6.23	6.55
Canada *		7.000	12/06	100.1000	+0.120	6.98	7.14	7.33
Denmark		8.000	03/06	107.9600	+0.120	6.82	7.00	7.31
France	BTAN	5.500	10/01	101.6700	-0.040	5.12	5.20	5.61
	OAT	6.500	10/06	103.2800	-0.010	6.05	6.10	6.39
Germany Bund		6.250	04/06	0.0000	-	0.00	6.06	6.40
Ireland		8.000	08/06	107.8000	-0.250	6.86	7.05	7.58
Italy		9.500	02/06	108.3600	-0.120	8.20†	8.57	9.39
Japan	No 140	6.600	06/01	121.2412	+0.340	1.72	1.74	2.06
	No 182	3.000	09/05	101.5404	+0.330	2.79	2.85	3.12
Netherlands		8.500	06/06	118.3600	-0.200	5.94	5.95	6.35
Portugal		9.500	02/06	111.7300	-0.020	7.89	7.94	8.62
Spain		8.800	04/06	106.2500	-0.420	7.82	7.96	8.86
Sweden		6.000	02/05	82.6222	+0.060	7.20	7.47	8.07
UK Gilts		8.000	12/00	104-08	-2/32	6.81	6.94	6.99
		7.500	12/06	100-01	-5/32	7.49	7.65	7.84
		9.000	10/08	110-21	-6/32	7.63	7.80	7.97
US Treasury *		7.000	07/06	102-24	-	6.58	6.62	6.75
		6.750	08/26	[illegible]	-1/32	6.85	6.88	6.97
ECU (French Govt)		7.000	04/06	104.5000	-0.020	6.35	6.39	6.81

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.00
Prime rate	8¼	Two month	-	Three year	6.15
Broker loan rate	7	Three month	5.05	Five year	6.34
Fed.funds	5⅛	Six month	5.32	10-year	6.59
Fed.funds at intervention	-	One year	[illegible]	30-year	[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	125.34	125.42	+0.06	125.54	125.28	11,865	201,852
Mar	125.20	125.30	+0.06	125.36	125.16	3,857	28,119
Jun	124.14	124.22	+0.06	124.26	124.14	402	3,744

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Nov	Calls Dec	Calls Mar	Puts Nov	Puts Dec	Puts Mar
122	-	3.48	-	-	0.06	-
123	2.45	2.58	-	0.05	0.18	0.67
124	1.56	1.75	2.24	0.14	0.36	-
125	0.78	1.10	1.64	0.36	0.68	1.34
126	0.30	0.60	1.14	0.86	1.18	-

Est. vol. total, Calls 37,112 Puts 13,498. Previous day's open int., Calls 138,884 Puts 135,704.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.28	99.14	-0.12	99.32	99.06	104794	242864
Mar	98.20	98.12	-0.12	98.30	98.06	966	6110

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
9900	0.53	0.82	0.54	0.84	0.39	0.68	1.42	1.72
9950	0.28	0.57	0.38	0.66	0.65	0.93	1.76	2.04
10000	0.14	0.38	0.27	0.51	1.00	1.24	2.15	2.39

Est. vol. total, Calls 16865 Puts 14002. Previous day's open int., Calls 178590 Puts 163793

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	123.10	123.05	-0.25	124.13	122.82	80859	75749
Mar	122.85	122.29	-0.26	122.85	122.85	95	1057

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
12300	1.49	1.90	1.44	2.62
12350	1.26	1.67	1.71	2.89
12400	1.02	1.47	1.97	3.19

Est. vol. total, Calls 48880 Puts 8982. Previous day's open int., Calls 110936 Puts 127797

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	107.36	107.38	-0.40	107.67	106.96	106,108	79,372

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110-02	109-29	-0-05	110-23	109-24	114751	161912
Mar	109-14	109-02	-0-05	109-14	109-14	48	1108

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
109	1-21	1-44	1-32	2-00	0-27	0-50	1-38	1-60
110	0-46	1-06	1-03	1-33	0-52	1-12	1-63	2-29
111	0-22	0-43	0-45	1-08	1-28	1-49	2-41	3-04

Est. vol. total, Calls 14922 Puts 4216. Previous day's open int., Calls 26736 Puts 20538

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	93.88	93.92	+0.04	94.06	93.82	284	7,806

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	110-12	110-21	+0-11	110-26	110-10	222,466	369,581
Mar	109-31	110-06	+0-10	110-11	109-30	366	22,316
Jun	-	109-13	-	-	-	697	5,896

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	122.54	-	-	122.89	122.53	3317	n/a
Mar	121.66	-	-	121.72	121.58	267	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities

Price Indices UK Gilts	Thu Oct 3	Day's change %	Wed Oct 2	Accrued interest	xd adj. ytd
1 Up to 5 years (22)	121.87	0.06	121.80	2.04	7.89
2 5-15 years (19)	150.97	0.06	151.18	3.05	7.96
3 Over 15 years (8)	166.40	0.10	166.24	2.75	9.83
4 Irredeemables (6)	193.05	1.06	191.03	3.55	6.83
5 All stocks (55)	144.74	0.08	144.77	2.86	8.35

UK Indices

	Low coupon yield Oct 3	Low Oct 2	Low Yr. ago	Medium coupon yield Oct 3	Medium Oct 2	Medium Yr. ago	High coupon yield Oct 3	High Oct 2	High Yr. ago
5 yrs	6.91	6.89	7.54	6.97	6.96	7.53	7.06	7.05	7.62
15 yrs	7.78	7.83	8.18	7.75	7.75	8.21	7.79	7.80	8.30
20 yrs	7.83	7.87	8.23	7.84	7.85	8.26	7.87	7.90	8.34
Irred.†	7.89	7.97	8.38						

Index-linked	Thu Oct 3	Day's change %	Wed Oct 2	Accrued interest	xd adj. ytd		Inflation 5% Oct 3	Oct 2	Yr. ago	Inflation 10% Oct 3	Oct 2	Yr. ago
6 Up to 5 years (2)	202.21	0.01	202.20	0.91	4.43	Up to 5 yrs	2.78	2.76	3.06	2.15	2.13	1.99
7 Over 5 years (10)	193.93	-0.02	193.97	1.51	[illegible]	Over 5 yrs	3.44	3.44	3.65	3.25	3.25	3.47
8 All stocks (12)	193.76	-0.02	193.79	1.45	[illegible]							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date. Indices for 5-15 Yrs & All stocks were amended for 30-Sep-96 and published on 2-Oct-96. For any further information tax FTSE International on 0171-448-1834.

FT Fixed Interest Indices

	Oct 3	Oct 2	Oct 1	Sep 30	Sep 27	Yr ago	High*	Low*
Govt. Secs. (UK)	94.87	94.49	93.99	93.73	93.88	93.34	96.34	91.59
Fixed Interest	114.51	114.23	114.06	113.91	113.88	111.78	115.23	110.74

Gilt Edged Activity Indices

	Oct 2	Oct 1	Sep 30	Sep 27	Sep 26
Gilt Edged bargains	105.3	84.8	99.2	107.6	108.3
5-day average	101.0	108.2	107.5	108.1	102.2

* for 1996. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on October 3

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	98⅝	99	+⅛	6.75
ABN Amro Bank 7¼ 05	1000	100¾	101	+⅛	7.26
African Dev Bk 7½ 23	500	97½	98⅛		7.69
Alberta Province 7⅜ 98	1000	102⅜	102⅞		6.24
Asian Dev Bank 6¼ 05	750	95¼	95⅝	+⅛	6.93
Sweden 8 97	2500	104⅞	105		3.38
United Kingdom 7¼ 97	5500	104	104⅛		3.25
Volkswagen Intl Fin 7 03	1000	105⅝	105⅞	+¼	5.80
World Bank 0 15	2000	35⅛	35⅝	-1⅛	5.86
World Bank 5⅞ 03	3000	101⅛	101¼		6.59
Abbey Natl Treasury 8 03 £	1000	102¼	102⅝	+⅛	7.56
British Land 8⅞ 23 £	150	94⅞	95⅜	+¼	9.05
Denmark 6¾ 98 £	800	100½	100⅝		6.45
Depfa Finance 7⅛ 03 £	500	97¼	97¾		7.59
EIB 8 03 £	1000	103¼	103½		7.39
Glaxo Wellcome 8¾ 05 £	500	104¾	105	+⅛	7.99
[illegible]					

Remaining sections (U.S. dollar straights continued, Swiss franc straights, Yen straights, Other straights, Deutsche Mark straights, Floating rate notes, Convertible bonds): [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: [illegible] CONVERTIBLE BONDS: [illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Conversion 10pc 1996	9.98	5.89	100⅛	—	103⅝	100⅛
Treas 13¼pc 1997‡‡	12.94	5.74	102⅜	—	[illegible]	[illegible]
[illegible]						

Remaining sections (Shorts continued, Five to Fifteen Years, Over Fifteen Years, Undated, Index-Linked, Other Fixed Interest): [illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real redemption rates on projected inflation of (1) 10% and (2) 5%. [illegible]

CURRENCIES AND MONEY

Lira rally continues as market awaits US data

MARKETS REPORT

By Richard Adams

Profit-taking ahead of key US economic data due today kept trading in the dollar and sterling quiet on currency markets yesterday, while the Italian lira continued its surge against the D-Mark.

With the Frankfurt market closed for Germany's reunification holiday, the continental European markets were also quiet.

The major action occured in the bond markets, with Italian government bonds rising strongly.

The lira followed bonds upwards, rising against the D-Mark to set another two-year high of L990.8 by the close of trading in London. This compared with L993.7 the previous day.

The lira also rose against the dollar and sterling. It closed at L2,375 to the pound, up from L2,379.

The dollar drifted lower on the day. The dollar was subdued against the yen, losing ground to finish at Y111.470, down from Y111.750.

However, the D-Mark fell against the dollar, falling from DM1.5270 to DM1.5306. And the dollar rose marginally against sterling, closing at $1.5661, having improved from $1.5675.

The Bank of Spain cut 50 basis points – half a percentage point – off its money market interest rate. It was later followed by the Portuguese central bank, which cut its money market rate by 15 basis points.

The rate cut saw the peseta fall slightly against the D-Mark, from Pta84.09 on Wednesday to Pta84.19. Against the dollar it was at Pta128.865, from Pta128.450.

The Portuguese escudos gained a fraction against the D-Mark, at Es101.1 from Es101.2.

■ The lira's strength has begun to cause protests from Italian exporters, who yesterday called for interest rate cuts by the Bank of Italy to offset the currency's strength.

Mr Giorgio Fossa, chairman of Confindustria, the Italian employers body, said he believed the lira's current rate against the D-Mark was too strong. "I think the lira's quoted rate is a bit artificial," he said.

"A rate of around L990 to L995 against the D-Mark would be difficult for us," Mr Fossa said.

He said it was logical for international investors to speculate on the lira, given Italy's high interest rates.

"We must get interest rates down to bring the lira to a more genuine level," he said.

The Bank of Italy last cut its key interest rate in July, to 8.25 per cent from 9 per cent.

■ The Czech koruna has lost some of the lustre that made it one of eastern Europe's most attractive currencies within the last two years, according to an investor report by Goldman Sachs.

The report said that developments in the fiscal and financial sectors warranted "a more conservative view toward the market."

"We note in particular a deterioration in trade performance and composition of capital flows; an easing of monetary policy; a weakening of the banking system; and an increase in political risk," it said.

The koruna was steady in trading yesterday, at Kč27.153 to the dollar, compared with Wednesday's central bank fixed rate of Kč27.026.

The Czech Republic's trade and current account deficits have widened considerably this year, while net capital inflows, particularly foreign direct investment, have slowed.

The foreign trade deficit hit a record Kč100.9bn ($3.7bn) for the January-August period, compared with Kč59.5bn ($2.2bn) over the same period last year.

The Czech Statistical Bureau revised its 1996 full year forecast for the trade deficit to around Kč143bn ($5.29bn), and for the current account deficit to about 5.7 per cent of GDP.

■ Today's release of the September non-farm payroll figures will give an indication of whether the recent strong rise in US employment growth has slowed.

Continued monthly growth of around 250,000 new jobs would suggest inflationary pressure is building up within the economy.

Analysts polled by Reuters expected the data to show a 166,000 increase during the month.

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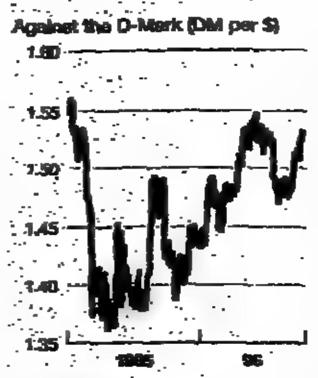
Dollar

Against the D-Mark (DM per $)



Source: Datastream

■ **Pound in New York**

Oct 3	– Latest –	– Prev. close –
£ spot	1.5660	[illegible]
1 mth	1.5654	1.5654
3 mth	[illegible]	1.5646
1 yr	1.5624	1.5625

■ **OTHER CURRENCIES**

Oct 3	£	$
Czech Rp	42.4544 - 42.5128	27.1170 - 27.1370
Hungary	243.050 - 243.293	155.250 - 155.300
Iran	4690.80 - 4696.80	3000.00 - 3000.00
Kuwait	0.4694 - 0.4701	0.2998 - 0.3001
Poland	4.4025 - 4.4115	2.8120 - 2.8180
Russia	[illegible] - 8497.24	5422.00 - 5424.00
U.A.E.	5.7473 - 5.7541	3.6710 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Oct 3		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8620	+0.0249	516 - 724	16.9003	16.8395	16.8185	3.1	16.782	2.4	-	-	104.5
Belgium	(BFr)	49.3744	+0.0922	508 - 980	49.4500	49.0890	49.2544	2.9	49.0294	2.8	48.0094	2.8	106.0
Denmark	(DKr)	9.1860	+0.0051	807 - 912	9.2075	9.1800	9.1687	2.3	9.1371	2.1	8.9988	2.0	107.4
Finland	(FM)	7.1494	+0.0058	412 - 575	7.1780	7.1130	-	-	-	-	-	-	85.2
France	(FFr)	8.1101	+0.008	067 - 134	8.1289	8.0993	8.0824	2.5	8.0427	2.3	7.925	2.3	108.6
Germany	(DM)	2.3971	+0.0036	957 - 985	2.4027	2.3842	2.3916	2.8	2.3808	2.8	2.3304	2.8	107.7
Greece	(Dr)	377.610	-0.158	341 - 880	378.871	376.339	-	-	-	-	-	-	67.3
Ireland	(I£)	0.9792	-0.0002	784 - 800	0.9811	0.9784	0.979	0.2	0.9787	0.2	0.9759	0.3	99.8
Italy	(L)	2375.42	-3.9	408 - 677	2383.93	2372.38	2380.47	-2.6	2389.02	-2.3	2410.42	-1.5	77.9
Luxembourg	(LFr)	49.3744	+0.0922	508 - 980	49.4500	49.0890	49.2544	2.9	49.0294	2.8	48.0094	2.8	106.0
Netherlands	(Fl)	2.6888	+0.004	874 - 902	2.6967	2.6781	2.6818	3.1	2.6685	3.0	2.6099	2.9	106.1
Norway	(NKr)	10.1950	+0.0070	863 - 037	10.2344	10.1364	10.185	1.2	10.1735	0.8	10.1215	0.7	98.5
Portugal	(Es)	242.291	+0.002	136 - 447	243.858	241.507	242.478	-0.9	242.916	-1.0	-	-	95.9
Spain	(Pta)	201.816	+0.471	728 - 903	202.037	201.392	202.026	-1.2	202.371	-1.1	203.171	-0.7	80.1
Sweden	(SKr)	10.3688	+0.0156	657 - 779	10.3851	10.2984	10.366	0.1	10.3641	0.1	10.3556	0.1	90.5
Switzerland	(SFr)	1.9647	+0.0006	633 - 661	1.9715	1.9620	1.9572	4.6	1.9434	4.3	1.8823	4.2	110.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.3
Ecu	-	1.2552	+0.0005	545 - 558	1.2578	1.2530	1.2534	1.8	1.2499	1.7	1.2322	1.8	-
SDR†	-	1.087750	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5669	-0.0014	653 - 664	1.5665	1.5638	-	-	-	-	-	-	-
Brazil	(R$)	1.5992	-0.0017	982 - 001	1.6002	1.5973	-	-	-	-	-	-	-
Canada	(C$)	2.1309	-0.0032	298 - 320	2.1320	2.1274	2.1273	2.1	2.1201	2.0	2.0939	1.7	84.8
Mexico	(New Peso)	11.7880	+0.0043	764 - 996	11.8011	11.7660	-	-	-	-	-	-	-
USA	($)	1.5661	-0.0014	656 - 666	1.5686	1.5640	1.5653	0.5	1.565	0.3	1.5625	0.2	97.5
Pacific/Middle East/Africa													
Australia	(A$)	1.9798	+0.0089	765 - 810	1.9844	1.9666	1.9814	-1.0	1.9852	-0.8	1.9897	-0.5	93.9
Hong Kong	(HK$)	12.1094	-0.0108	051 - 136	12.1138	12.0932	12.1053	0.4	12.1024	0.2	12.1135	0.0	-
India	(Rs)	55.7533	-0.0498	222 - 843	56.0850	55.4190	-	-	-	-	-	-	-
Israel	(Shk)	4.9930	-0.0026	876 - 984	4.9986	4.9867	-	-	-	-	-	-	-
Japan	(Y)	174.573	-0.595	471 - 676	175.210	174.330	173.723	5.8	172.113	5.6	165.328	5.3	131.1
Malaysia	(M$)	3.9192	-0.0019	171 - 212	3.9215	3.9139	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2410	+0.0033	395 - 425	2.2430	2.2324	2.2486	-4.2	2.2627	-3.9	2.3012	-2.7	110.5
Philippines	(Peso)	41.1258	+0.0024	344 - 172	41.2188	41.0327	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8739	-0.0053	715 - 757	5.8763	5.8685	-	-	-	-	-	-	-
Singapore	(S$)	2.2074	-0.002	059 - 089	2.2090	2.2059	-	-	-	-	-	-	-
South Africa	(R)	7.0944	+0.0351	849 - 045	7.1048	7.0398	-	-	-	-	-	-	-
South Korea	(Won)	1286.63	-1.15	588 - 728	1287.56	1285.14	-	-	-	-	-	-	-
Taiwan	(T$)	43.0521	-0.0385	227 - 815	43.0880	42.9928	-	-	-	-	-	-	-
Thailand	(Bt)	39.8330	-0.0403	163 - 496	39.8500	39.7770	-	-	-	-	-	-	-

† Rates for Oct 2. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 3		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7688	+0.0255	637 - 701	10.7960	10.7580	10.7471	2.2	10.7069	2.2	10.5119	2.4	104.5
Belgium	(BFr)	31.5270	+0.087	220 - 320	31.5840	31.3550	31.462	2.5	31.3295	2.5	30.7095	2.6	105.8
Denmark	(DKr)	5.8655	+0.0085	640 - 670	5.8835	5.8604	5.8566	1.8	5.8382	1.9	5.7565	1.9	106.7
Finland	(FM)	4.5651	+0.0078	613 - 688	4.5883	4.5432	4.5563	2.3	4.5378	2.4	4.4551	2.4	84.5
France	(FFr)	5.1785	+0.0097	780 - 790	5.1922	5.1737	5.1697	2.0	5.1517	2.1	5.0695	2.1	108.0
Germany	(DM)	1.5306	+0.0036	302 - 310	1.5346	1.5233	1.5276	2.4	1.521	2.5	1.4908	2.6	107.3
Greece	(Dr)	241.115	+0.115	020 - 210	242.130	240.380	242.67	-7.7	245.24	-6.8	256.265	-6.3	66.8
Ireland	(I£)	1.5994	-0.0011	986 - 002	1.6005	1.5953	1.5991	0.2	1.5988	0.2	1.5956	0.2	-
Italy	(L)	1516.78	-1.13	640 - 715	1523.33	1516.00	1520.58	-3.0	1526.53	-2.6	1542.03	-1.7	77.4
Luxembourg	(LFr)	31.5270	+0.087	220 - 320	31.5840	31.3550	31.462	2.5	31.3295	2.5	30.7095	2.6	105.8
Netherlands	(Fl)	1.7169	+0.0041	165 - 172	1.7240	1.7104	1.7131	2.7	1.7051	2.7	1.6696	2.8	105.7
Norway	(NKr)	6.5098	+0.0109	063 - 133	6.5390	6.4757	6.5061	0.7	6.5004	0.6	6.4748	0.5	97.8
Portugal	(Es)	154.710	+0.14	660 - 760	155.820	154.140	154.93	-1.7	155.225	-1.3	156.045	-0.9	95.9
Spain	(Pta)	128.865	+0.415	850 - 880	129.020	128.620	129.045	-1.7	129.35	-1.5	129.97	-0.9	79.9
Sweden	(SKr)	6.6195	+0.0168	145 - 245	6.6337	6.5779	6.6167	0.5	6.6069	0.8	6.5595	0.9	90.2
Switzerland	(SFr)	1.2545	+0.0016	540 - 550	1.2595	1.2525	1.2501	4.2	1.2417	4.1	1.2041	4.0	110.2
UK	(£)	1.5661	-0.0014	656 - 666	1.5686	1.5640	1.5655	0.5	1.565	0.3	1.5625	0.2	87.0
Ecu	-	1.2478	-0.0016	475 - 480	1.2490	1.2445	1.2491	-1.3	1.2523	-1.4	1.2669	-1.7	-
SDR†	-	0.694647	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0211	-0.0002	208 - 214	1.0219	1.0206	-	-	-	-	-	-	-
Canada	(C$)	1.3607	-0.0008	604 - 609	1.3615	1.3594	1.3589	1.6	1.3546	1.7	1.3402	1.5	84.1
Mexico	(New Peso)	7.5270	+0.0085	220 - 320	7.5320	7.5210	7.645	-18.8	7.9115	-20.4	8.772	-16.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.4
Pacific/Middle East/Africa													
Australia	(A$)	1.2641	+0.0075	637 - 645	1.2660	1.2574	1.2656	-1.4	1.2675	-1.1	1.273	-0.7	98.0
Hong Kong	(HK$)	7.7322	-	319 - 324	7.7325	7.7318	7.7321	0.0	7.7325	0.0	7.7437	-0.1	-
India	(Rs)	35.6000	-	000 - 000	35.8050	35.3920	35.815	-7.2	36.275	-7.6	-	-	-
Israel	(Shk)	3.1882	+0.0011	857 - 906	3.1950	3.1848	-	-	-	-	-	-	-
Japan	(Y)	111.470	-0.28	440 - 500	112.000	111.330	110.965	5.4	109.97	5.4	105.755	5.1	131.1
Malaysia	(M$)	2.5025	+0.001	020 - 030	2.5041	2.5020	2.5053	-1.4	2.5107	-1.3	2.532	-1.2	-
New Zealand	(NZ$)	1.4306	+0.0032	304 - 314	1.4314	1.4274	1.4363	-4.6	1.4406	-2.7	1.4721	-2.9	-
Philippines	(Peso)	26.2600	+0.025	100 - 100	26.3100	26.2100	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 506	3.7506	3.7502	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4095	-	090 - 100	1.4111	1.4088	1.4073	1.8	1.4027	1.9	1.3815	2.0	-
South Africa	(R)	4.5300	+0.0265	250 - 350	4.5385	4.4890	4.5707	-10.8	4.6457	-10.2	4.9605	-9.5	-
South Korea	(Won)	821.550	-	400 - 700	821.700	821.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.4900	-	800 - 000	27.5070	27.4770	27.4901	0.0	27.4903	0.0	-	-	-
Thailand	(Bt)	25.4345	-0.003	320 - 370	25.4500	25.4260	25.5245	-4.2	25.692	-4.0	26.3295	-3.5	-

† SDR rate per $ for Oct 2. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 2. Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

October 3	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3	3	3⅛	3⅛	6.00	2.50	-
week ago	3¼	3	3⅛	3⅛	3⅛	6.00	2.50	-
France	3⅞	3¼	3⅞	3⅞	3⅞	3.35	-	4.75
week ago	3⅝	3¼	3⅞	3⅞	3⅞	3.35	-	4.75
Germany	3¼	3¼	3¼	3¼	3½	4.50	2.50	3.00
week ago	3	3¼	3¼	3¼	3½	4.50	2.50	3.00
Ireland	5⅞	5⅜	5¼	5⅜	5⅝	-	-	6.25
week ago	5⅝	5⅜	5⅞	5⅞	5⅞	-	-	6.25
Italy	8¼	8⅝	7⅞	7¾	7⅞	-	8.25	8.38
week ago	8¼	8⅝	8¼	7⅞	7¾	-	8.25	8.22
Netherlands	2⅞	2⅞	2⅞	2¾	2⅞	-	3.00	3.30
week ago	2⅞	2⅞	2⅞	2⅞	3⅛	-	3.00	3.30
Switzerland	1⅛	1⅞	1⅞	1⅞	1⅞	-	1.00	-
week ago	1¼	1⅞	1⅞	1⅞	1⅞	-	1.00	-
US	5⅜	5⅜	5⅜	5⅝	5⅞	-	5.00	-
week ago	5⅜	5⅜	5⅞	5⅝	6⅛	-	5.00	-
Japan	½	½	½	½	⅞	-	0.50	-
week ago	½	½	½	⅞	⅝	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅞	5⅞	5⅞	5⅞	-	-	-
week ago	-	5⅞	5⅞	5⅝	6	-	-	-
US Dollar CDs	-	5.15	5.22	5.35	5.62	-	-	-
week ago	-	5.15	5.19	5.32	5.58	-	-	-
ECU Linked Ds	-	4⅛	4⅛	4⅛	4⅛	-	-	-
week ago	-	4⅛	4⅛	4⅛	4⅛	-	-	-
SDR Linked Ds	-	3⅛	3⅛	3⅛	3⅞	-	-	-
week ago	-	3⅛	3⅛	3⅞	3⅛	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 3	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛	3⅛ - 3⅛	3¼ - 3⅛
Danish Krone	3½ - 3¼	3⅞ - 3½	3⅞ - 3½	3⅞ - 3⅝	3⅞ - 3⅞	4 - 3⅞
D-Mark	3⅛ - 3⅛	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛
Dutch Guilder	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2¾	2⅞ - 2⅞	2⅞ - 2⅞	3⅛ - 2⅞
French Franc	3½ - 3⅜	3⅛ - 3⅛	3⅞ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3¼ - 3⅜
Portuguese Esc.	7 - 6⅞	7⅛ - 7	7⅛ - 6⅞	7 - 6⅞	6⅞ - 6⅞	6⅞ - 6⅞
Spanish Peseta	6⅞ - 6⅞	7 - 6⅞	7 - 6⅞	6⅞ - 6⅞	6⅞ - 6¾	6⅞ - 6¾
Sterling	5⅞ - 5⅞	5⅞ - 5¾	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅞	6⅛ - 6⅛
Swiss Franc	1½ - 1⅞	1½ - 1⅜	1⅞ - 1⅛	1⅞ - 1⅛	1⅞ - 1½	1¼ - 1⅞
Can. Dollar	4 - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3¾	4 - 3⅞	4¼ - 4⅛
US Dollar	5⅜ - 4⅞	5⅜ - 5⅛	5⅞ - 5⅞	5⅝ - 5½	5⅝ - 5½	5⅞ - 5¾
Italian Lira	8⅝ - 8¼	8¼ - 8	8⅛ - 8⅛	8 - 7⅞	7¾ - 7⅞	7½ - 7⅞
Yen	½ - ⅜	½ - ⅜	⅞ - ⅜	⅞ - ⅜	½ - ⅜	⅝ - ½
Asian $Sing	2⅞ - 2¾	3 - 2⅞	3⅛ - 2⅞	3⅛ - 3⅛	3¼ - 3⅛	3½ - 3⅜

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate (FFr 5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.34	96.35	+0.01	96.36	96.33	12,875	69,369
Mar	96.31	96.32	+0.02	96.33	96.29	6,428	38,407
Jun	96.24	96.25	-0.02	96.26	96.22	574	27,616

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.87	96.86	-0.01	96.87	96.85	15911	209278
Mar	96.83	96.82	-0.01	96.84	96.81	18197	214873
Jun	96.72	96.70	-0.02	96.73	96.69	18299	165774
Sep	96.48	96.49	-0.01	96.51	96.47	13759	139224

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.40	92.38	-0.01	92.45	92.32	27298	61129
Mar	92.90	92.98	+0.02	93.05	92.87	14693	36207
Jun	93.14	93.22	+0.02	93.29	93.14	5202	29428
Sep	93.33	93.27	+0.03	93.35	93.25	4753	15878

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.41	98.44	+0.03	98.45	98.37	5747	43258
Mar	98.30	98.38	+0.05	98.38	98.28	3331	21948
Jun	98.16	98.24	+0.08	98.25	98.12	2161	10717
Sep	97.97	97.99	+0.11	98.03	97.85	1043	2485

■ **THREE MONTH EUROYEN FUTURES** (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.42	99.42	+0.03	99.42	99.42	200	n/a
Mar	-	99.29	+0.05	-	-	0	n/a
Jun	99.14	99.14	+0.08	99.14	99.14	210	n/a

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.88	95.88	-0.01	95.89	95.87	825	9074
Mar	95.88	95.88	-0.01	95.89	95.87	587	4091
Jun	95.85	95.85	-	95.86	95.84	261	2613
Sep	95.69	95.70	-	95.71	95.69	258	2002

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 3		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.61	16.43	4.855	1.983	4811	5.447	20.66	490.8	408.8	21.00	3.980	2.026	4.316	3.172	353.7	2.542
Denmark	(DKr)	53.74	10	8.829	2.609	1.066	2585	2.927	11.10	263.8	219.7	11.29	2.139	1.089	2.320	1.705	190.1	1.366
France	(FFr)	60.86	11.33	10	2.956	1.207	2926	3.316	12.58	298.8	248.8	12.79	2.423	1.233	2.628	1.931	215.3	1.547
Germany	(DM)	20.60	3.832	3.383	1	0.408	990.8	1.122	4.255	101.1	84.19	4.326	0.820	0.417	0.889	0.653	72.84	0.524
Ireland	(I£)	50.43	9.383	8.284	2.448	1	2426	2.747	10.42	247.5	206.1	10.59	2.007	1.021	2.177	1.600	178.3	1.282
Italy	(L)	2.079	0.387	0.341	0.101	0.041	100.	0.113	0.429	10.20	8.497	0.437	0.083	0.042	0.090	0.066	7.352	0.053
Netherlands	(Fl)	18.36	3.416	3.016	0.891	0.364	883.2	1	3.793	90.11	75.05	3.856	0.731	0.372	0.792	0.582	64.93	0.467
Norway	(NKr)	48.40	9.006	7.951	2.350	0.960	2328	2.636	10	237.5	197.8	10.17	1.926	0.980	2.089	1.535	171.2	1.230
Portugal	(Es)	20.38	3.791	3.347	0.989	0.404	980.2	1.110	4.210	100.	83.29	4.280	0.811	0.413	0.879	0.646	72.06	0.518
Spain	(Pta)	24.46	4.552	4.019	1.188	0.485	1177	1.333	5.056	120.1	100.	5.139	0.974	0.496	1.056	0.776	86.52	0.622
Sweden	(SKr)	47.61	8.858	7.821	2.311	0.944	2290	2.593	9.838	233.7	194.6	10	1.895	0.964	2.055	1.510	168.4	1.210
Switzerland	(SFr)	25.12	4.675	4.127	1.220	0.498	1209	1.368	5.191	123.3	102.7	5.277	1	0.509	1.084	0.797	88.85	0.639
UK	(£)	49.37	9.186	8.110	2.397	0.979	2375	2.689	10.20	242.3	201.8	10.37	1.965	1	2.131	1.566	174.6	1.255
Canada	(C$)	23.17	4.311	3.806	1.125	0.459	1115	1.262	4.786	113.7	94.70	4.866	0.922	0.469	1	0.735	81.93	0.589
US	($)	31.53	5.866	5.179	1.531	0.625	1517	1.717	6.513	154.7	128.9	6.622	1.255	0.639	1.361	1	111.5	0.801
Japan	(Y)	28.28	5.261	4.645	1.373	0.561	1360	1.540	5.842	138.8	115.6	5.939	1.125	0.573	1.221	0.897	100.	0.719
Ecu		39.34	7.320	6.462	1.910	0.780	1892	2.143	8.127	193.1	160.8	8.263	1.566	0.797	1.698	1.248	139.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6556	0.6559	+0.0004	0.6568	0.6549	26,041	70,697
Mar	0.6601	0.6601	+0.0003	0.6606	0.6600	30	1,649
Jun	-	0.6644	+0.0003	0.6644	-	42	2,187

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9029	0.9065	+0.0036	0.9071	0.9018	26,565	73,236
Mar	0.9186	0.9186	+0.0038	0.9186	0.9172	152	1,651
Jun	-	0.9267	-	-	-	3	216

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8014	0.8028	+0.0018	0.8049	0.8004	18,823	42,480
Mar	0.8113	0.8103	+0.0009	0.8127	0.8100	209	1,607
Jun	-	0.8186	+0.0009	0.8190	-	146	215

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5648	1.5640	-0.0004	1.5656	1.5624	8,407	42,787
Mar	-	1.5630	-0.0014	1.5650	1.5630	2	87
Jun	-	1.5630	-0.0014	1.5650	1.5630	4	2

UK INTEREST RATES

LONDON MONEY RATES

Oct 3	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6⅛ - 5	5⅞ - 5⅞	5⅞ - 5¾	5⅞ - 5⅞	6⅛ - 5⅞	6¼ - 6⅛
Sterling CDs	-	-	5⅞ - 5⅞	5⅞ - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛
Treasury Bills	-	-	5⅞ - 5⅞	5⅞ - 5⅞	-	-
Bank Bills	-	-	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5¾	-
Local authority deps.	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5¾	5⅞ - 5⅞	6 - 5⅞	6⅛ - 6⅛
Discount Market deps	6 - 5½	5⅞ - 5⅞	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from June 6, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Sep 20, 5.5516pc. ECGD fixed rate Stg. Export Finance. Make up day Sep 30, 1996. Agreed rate for period Oct 26, 1996 to Nov 25, 1996, Schemes II & III 7.09pc. Reference rate for period Aug 31, 1996 to Sep 30, 1996, Schemes IV & V 5.849pc. Finance House Base Rate 6pc from Oct 1, 1996

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.04	94.04	-0.01	94.06	94.03	14573	114536
Mar	93.92	93.90	-0.02	93.96	93.89	16589	79923
Jun	93.69	93.70	-0.01	93.75	93.69	12547	77039
Sep	93.44	93.45	-0.01	93.52	93.44	7548	44838
Dec	93.20	93.21	-	93.28	93.19	6092	33715

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9400	0.12	0.15	0.18	0.08	0.25	0.48
9425	0.02	0.06	0.10	0.23	0.41	0.65
9450	0	0.02	0.05	0.46	0.62	0.85

Est. vol. total, Calls 1422 Puts 5125. Previous day's open int., Calls 111857 Puts 125957

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Cyprus Popular Bank	5.75	NatWestminster	5.75
Allied Trust Bank	5.75	Duncan Lawrie	5.75	●Rea Brothers	5.75
AIB Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
●Henry Ansbacher	5.75	Financial & Gen Bank	7.00	●Singer & Friedlander	5.75
Bank of Baroda	5.75	●Robert Fleming & Co	5.75	●Smith & Williamson Secs	5.75
Banco Bilbao Vizcaya	5.75	Girobank	5.75	Scottish Widows Bank	5.75
Bank of Cyprus	5.75	●Guinness Mahon	5.75	TSB	5.75
Bank of Ireland	5.75	Habib Bank AG Zurich	5.75	United Bank of Kuwait	5.75
Bank of India	5.75	●Hambros Bank	5.75	Unity Trust Bank Plc	5.75
Bank of Scotland	5.75	Heritable & Gen Inv Bk	5.75	Western Trust	5.75
Barclays Bank	5.75	●Hill Samuel	5.75	Whiteaway Laidlaw	5.75
Brit Bk of Mid East	5.75	C. Hoare & Co	5.75	Yorkshire Bank	5.75
●Brown Shipley & Co Ltd	5.75	Hongkong & Shanghai	5.75		
Citibank NA	5.75	Julian Hodge Bank	5.75		
Clydesdale Bank	5.75	●Leopold Joseph & Sons	5.75		
The Co-operative Bank	5.75	Lloyds Bank	5.75		
Coutts & Co	5.75	Midland Bank	5.75		
Credit Lyonnais	5.75	*Mount Credit Corp	6.00		

● Members of London Investment Banking Association
* In administration

EMS EUROPEAN CURRENCY UNIT RATES

Oct 3	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.792214	0.784770	-0.001868	-0.94	2.50	6
Portugal	195.792	194.328	-0.102	-0.75	2.30	5
Spain	162.493	161.724	+0.245	-0.47	2.02	3
Netherlands	2.15214	2.15515	+0.00167	0.14	1.39	-1
Belgium	39.3960	39.5592	+0.0327	0.41	1.12	-3
Austria	13.4335	13.5130	+0.0094	0.56	0.97	-4
Germany	1.91007	1.92095	+0.00132	0.57	0.86	-6
Denmark	7.28580	7.36365	-0.00235	1.07	0.46	-7
France	6.40608	6.50435	+0.00423	1.53	0.00	-13
NON ERM MEMBERS						
Greece	292.867	302.851	-0.222	3.41	-1.81	-
Italy	2106.15	1906.05	-5.44	-9.55	12.25	-
UK	0.786652	0.801159	-0.002241	1.84	-0.30	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
1.540	2.45	2.57	2.80	-	0.16	0.42
1.550	1.47	1.84	2.14	0.04	0.39	0.71
1.560	0.64	1.19	1.54	0.14	0.74	1.10
1.570	0.14	0.70	1.05	0.64	1.25	1.60
1.580	0.09	0.36	0.68	1.46	2.02	2.24

Previous day's vol., Calls 3,889 Puts 5,750 . Prev. day's open int., Calls 135,142 Puts 114,332

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.31	94.29	+1.18	94.32	94.28	117,750	490,994
Mar	94.20	94.19	-0.11	94.23	94.17	99,831	352,719
Jun	94.03	94.02	-	94.06	94.01	50,876	265,142

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.87	94.86	-	94.88	94.85	888	4,016
Mar	94.75	94.73	-	94.75	94.73	11	1,518
Jun	-	94.56	-0.02	-	94.56	25	125

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
9675	0.11	0.13	0.14	0.20	0	0.02	0.03	0.13
9700	0.01	0.02	0.03	0.08	0.15	0.16	0.17	0.26
9725	0	0	0	0.03	0.39	0.39	0.39	0.46

Est. vol. total, Calls 4328 Puts 14755. Previous day's open int., Calls 369777 Puts 274378

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9850	0.08	0.15	0.17	0.14	0.27	0.43
9875	0.03	0.07	0.08	0.34	0.44	0.59

Est. vol. total, Calls 50 Puts 3. Previous day's open int., Calls 3878 Puts 1251

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9225	0.28	0.82	1.08	0.15	0.09	0.11
9250	0.15	0.62	0.88	0.27	0.14	0.16
9275	0.07	0.45	0.70	0.44	0.22	0.23

Est. vol. total, Calls 5070 Puts 2525. Previous day's open int., Calls 87730 Puts 42775

COMMODITIES AND AGRICULTURE

LME prepares to celebrate after difficult year

The exchange has emerged virtually unscathed from the Sumitomo scandal, writes Kenneth Gooding

Metals producers, consumers, traders and merchants – more than 3,500 of them – will converge on London from all over the world at the weekend to celebrate the start of the mating season (the endearing term they use to describe the industry's contract negotiations) and to pay respects to the most international market in the world, the London Metal Exchange.

As the world's biggest, most liquid and most globally representative base metals market, the LME plays a vital role in their lives. When contracts for the six metals traded on the exchange are hammered out anywhere in the world, they are usually related in some way to the prices reached by the LME's 17 ring dealing members, who shout themselves nearly hoarse during a total of three hours 25 minutes of open-outcry trading every working day.

This year the LME's supporters have an extra reason to celebrate during "Metals Week". For, so far, the exchange has emerged virtually unscathed from the Sumitomo scandal. After Sumitomo claimed in June that its chief copper trader, Mr Yasuo Hamanaka, had lost $1.8bn in unauthorised trading, there was some hectic behind the scenes negotiations between some LME participants and these were quickly brought to an amicable conclusion. After only a few days the LME returned to business almost as usual.

How very different from 1985 when 22 governments refused to pay up when their scheme to support the tin market collapsed. LME members collectively were facing losses of US$600m and the very survival of exchange was threatened.

Nevertheless, the LME will never be the same again.

In the wake of the brief crisis caused by Sumitomo – a huge "player" in the market but not a member of the LME nor regulated by any UK authority – the exchange's directors invited the Securities and Investments Board, the top UK markets regulator, to conduct a thorough review of the LME's operations and the metals markets as a whole. This will certainly lead to changes in the way the exchange operates. But will these be substantial?

According to Sir Andrew Large, the SIB's chief executive, even without the incentive provided by Mr Hamanaka, the time was ripe for his organisation to take a thorough look at the LME because of its rapid growth. The exchange has been so successful that its turnover has grown sevenfold in the past seven years. Last year contracts traded represented more than 1bn tonnes of metal valued at over US$2,500bn. More than 95 per cent of the exchange's business comes from outside the UK and it contributes about £250m to the country's balance of payments.

What differentiates the LME from other exchanges is that much of its business involves the trading of physical metal. Nearly 5 per cent of its contracts result in someone making or taking delivery of physical metal, a far higher proportion than for any other of the world's big commodity exchanges.

Sir Andrew Large: Even before the Sumitomo affair he thought the time was ripe for the SIB to take a thorough look at the LME

Although the LME's trading remains closely connected with trading in physical metals – it has 380 authorised warehouses in 42 locations around the world – the nature of its operations has also changed in recent years. Today 20 to 25 per cent of trades are done for "investment" or speculative purposes.

Some consumers claim that the presence of these speculators has made prices more volatile.

The LME's markets have also been subject to "squeezes" by those who use their deep pockets to take tight control of metal stocks. In 1993 one ring dealing member, Credit Lyonnaise Rouse, apologised for its part in a squeeze and paid £100,000 towards the LME's costs, a payment other members saw as a "fine".

There had been a previous "rogue" trader in the copper market who caused Codelco, the state owned Chilean group that employed him, losses of $175m.

"We hope the SIB will take into account the LME's shortcomings and the history of its shortcomings, from tin to Codelco to Sumitomo," says Mr Neal Wolkoff, an executive vice president of the New York Metal Exchange (Nymex), an LME rival.

Other critics suggest that, if the LME followed the example of all other exchanges and required daily variation margin settlement in cash – known as cash clearing – the Sumitomo debacle could not have happened. With LME contracts, profits and losses are not realised until the contract expires, a process designed to benefit metals producers and users whose cash flows are linked to the physical market.

In response to such criticism, the SIB, in order to get the widest possible input to its inquiry took the unprecedented step of distributing a consultative document. Sir Andrew said when it went out in August: "We are proactively seeking the views of all metal producers, consumers, intermediaries, finance houses and everybody you can think of with an interest in the metals traded on the LME".

More than 3,000 copies of the document have been produced. It asks 33 specific questions, but comments are not restricted to these subjects. However, Sir Andrew pointed out that anyone who wanted changes to the LME would be asked to argue his case carefully and the SIB is urging, where possible, that the cost of changes are compared with the benefits gained.

The SIB wants all documents returned by October 15 so that it can complete its review by the year-end.

So far there is no evidence that the SIB will be under pressure to call for big changes. Mr Simon Payton, secretary general of the International Wrought Copper Council, which represents more than 65 per cent of the world's big copper consumers, says: "I don't expect any major changes to the LME but I can see some important modifications being made. No one in the industry is against the present system and no one wants cash clearing. But the inquiry provides a good opportunity to stand back and take stock in a comprehensive way. It will clear a lot of air".

Mr Payton says there will be difficult areas for the SIB to tackle. "While everyone wants more transparency, how should that be achieved? What do users of the market need to assist them to get a better understanding of the market?"

Mr Phillip Crowson, chief economist at RTZ-CRA, the world's biggest mining company and a big copper producer, says that RTZ is "reasonably content" with the LME, but he also stresses the need for greater transparency about some aspects of LME operations. "We need to know a bit more about off-market activities. Could we not have volumes of trade reported? Could we not have open interest details daily?"

However, Mr Christopher Green, a former chairman of the LME and now chairman of Barclays Metals, part of the UK banking group, points out that "transparency is easy to call for but less easy to define. To tell everybody what everybody else is doing in the market place would mean total loss of confidentiality".

Sir Andrew knows the SIB has to draw the lines carefully. He acknowledges that an exchange like the LME needs a balance – enough regulation to maintain confidence but not so many rules that essential trading liquidity would dry up or business to move away. Nevertheless, his objective is to see that the LME is as transparent as possible, and is an exchange where all users are treated fairly, price information is reliable and markets are not misled, manipulated or abused.

Newmont plans safety review after mine deaths

By Kenneth Gooding, Mining Correspondent, in Denver

Newmont Mining is mounting a fundamental review of safety procedures after five people died in three separate incidents in one week at the Yanacocha gold mine in Peru where the US group is operator.

A Newmont official said preliminary inquiries suggested there was no link between the incidents, in which a Newmont staff geologist was killed when an unstable rock face collapsed; three men employed by a sub-contractor were asphyxiated by a diesel engine they started up to keep warm after working late; and another contractor's employee died when a truck rolled on him.

Mr Ron Cambre, Newmont's chief executive, pointed out after making a presentation to the Denver Gold Group's investment forum, that Yanacocha, one of the biggest gold mines in South America with output scheduled to be 750,000 troy ounces this year, previously had an exemplary safety record, better than most US mines.

He said Newmont was taking steps to ensure that contractors and sub-contractors kept to their undertakings to abide by his group's safety procedures.

Feeble recovery seen for timber in Europe

By Frances Williams in Geneva

The depressed European market for forest products is likely to see only a feeble recovery next year, though the North American market will remain buoyant, according to a joint assessment by the United Nations Economic Commission for Europe and the Food and Agriculture Organisation.

European markets are marked by weak demand, fierce competition and continuing low prices, the UN bodies say. European softwood prices have plunged 25 per cent over the past year, though they now appear to have stabilised.

Destocking and, in some cases, excess capacity have exacerbated downward pressures on prices, to which must be added competition between forest products and with other materials such as plastics and aluminium.

Despite a pick-up in overall construction activity in western Europe next year, residential construction is predicted to fall by a further 2.1 per cent and with it demand for sawn softwood.

The prospects for eastern Europe appear somewhat brighter as the forest products sector continues its recovery from the deep recession of the early 1990s.

In Russia, where production has fallen steadily since 1992, this year is expected to see a bottoming out with some pick-up in activity in 1997.

The North American market, in contrast to Europe, has seen healthy growth over the past year, because of the strength of the housing market, and this is expected to continue into 1997. Consumption of sawn softwood is expected to rise slightly in 1996 to 126m cubic metres, is still below the 1994 peak.

Rebel farmers' union halts Windward Islands' banana exports

By Canute James in Kingston

The banana industry in the Windward Islands, the main source of UK imports, has been hit by a strike by a rebel farmers' union in St Lucia that wants to sell fruit to a US company instead of to the region's marketing agency.

Deliveries of fruit for export have been disrupted, farms buildings destroyed and vehicles damaged in several incidents associated with the strike by the Banana Salvation Committee. St Lucia is the biggest producer in the four Windward Islands. The strike has not spread to Dominica, Grenada and St Vincent, say industry officials.

The union wants more influence in the management of the industry, and its leaders say they should be allowed to sell fruit to Chiquita Brands, a US fruit company, which is a major banana producer in Latin America.

The economies of the islands depend in banana exports, and the disruption in production coincides with a challenge in the World Trade Organisation by the US and some Latin countries to the region's preferential access to the EU. Island governments say their economies would collapse if the preferences are dismantled.

The strike would adversely affect the islands' economies, warned Mr Arnhim Eustace, chairman of the Windward Islands' Banana Development and Exporting Company which markets the islands' fruit.

A similar farmers' strike last year cost the Windwards almost EC$34m (US$12.5m) in quality claims and in inadequate tonnages for ships, he said.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1319-20	1352-53
Previous	1337-38	1372-73
High/low		1372/1340
AM Official	1309.5-10.0	1343-43.5
Kerb close		1352-53
Open int.	219,823	
Total daily turnover	55,386	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1180-85	1208-10
Previous	1193-97	1219-20
High/low		1215/1210
AM Official	1170-71	1200-202
Kerb close		1208-10
Open int.	5,242	
Total daily turnover	764	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	756.5-57.5	761-62
Previous	757.5-8.5	763-4
High/low	752	764/758
AM Official	752-53	756-57
Kerb close		763-64
Open int.	38,750	
Total daily turnover	6,819	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6970-80	7080-85
Previous	6970-80	7080-85
High/low	6955	7170/7060
AM Official	6955-60	7067-70
Kerb close		7100-10
Open int.	43,941	
Total daily turnover	9,146	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5960-70	6025-30
Previous	5970-80	6050-45
High/low	5945	6040/6010
AM Official	5940-50	6015-20
Kerb close		6015-25
Open int.	18,057	
Total daily turnover	9,312	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	994.5-95.5	1019.5-20.0
Previous	995-6	1020-21
High/low		1021/1014
AM Official	991-92	1016-16.5
Kerb close		1029-20
Open int.	73,370	
Total daily turnover	16,107	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1900-903	1902-03
Previous	1912.5-14.5	1915-16
High/low		1911/1886
AM Official	1890-91	1894-95
Kerb close		1895-96
Open int.	174,970	
Total daily turnover	55,879	

■ LME AM Official £/$ rate: 1.5657
LME Closing £/$ rate: 1.5650

Spot: 1.5668 3 mths: 1.5656 6 mths: 1.5649 9 mths: 1.5641

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	90.10	+0.25	90.10	89.00	[illegible]	3,254
Nov	89.25	-0.15	89.30	89.10	222	1,857
Dec	88.85	-0.25	89.10	87.75	8,610	28,387
Jan	88.45	-0.15	89.30	88.90	95	1,342
Feb	88.05	-0.25	87.90	87.50	12	870
Mar	87.60	-0.20	87.80	86.50	475	9,218
Total					8,288	57,382

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	379.50-378.90		
Opening	379.60-378.00		
Morning fix	379.50	242.430	476.690
Afternoon fix	378.85	242.048	476.139
Day's High	379.80-380.20		
Day's Low	378.70-379.10		
Previous close	380.20-380.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....3.79 6 months 3.50
2 months ....3.73 12 months 3.67
3 months 3.50

Silver Fix	p/troy oz.	US cts equiv.
Spot	313.70	491.25
3 months	317.85	497.40
6 months	321.85	503.40
1 year	330.50	516.40

Gold Coins	$ price	£ equiv.
Krugerrand	386-389	246-248
Maple Leaf	384.10-388.55	
New Sovereign	86-90	55-57

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	380.0	+0.6	379.8	378.5	183	59
Dec	382.7	+0.4	382.8	381.0	30,102	113k
Feb	384.8	+0.3	386.0	383.7	2,242	18,851
Apr	387.2	+0.4	387.1	385.3	159	11,128
Jun	389.6	+0.4	389.0	388.0	528	11,367
Aug	392.0	+0.4	-	-	180	4,175
Total					27,379	199,937

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	384.7	-0.8	386.0	384.0	462	467
Jan	387.5	-0.8	389.3	386.7	1,757	18,817
Apr	390.3	-0.8	391.0	390.0	54	7,298
Jul	393.3	-0.8	393.0	393.0	62	674
Oct	395.8	-0.8	399.0	397.0	25	28
Total					2,395	28,084

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	121.20	-1.15	122.40	120.60	460	7,644
Mar	122.20	-1.15	122.75	122.75	57	184
Jun	123.25	-1.15	-	-	5	115
Total					480	7,943

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	486.0	-1.9	483.0	480.0	28	16
Dec	490.5	-2.2	494.5	488.5	16,896	88,098
Jan	493.0	-2.2	-	-	2	28
Mar	497.8	-2.2	500.0	498.5	222	11,292
May	502.7	-2.2	502.5	501.0	18	8,416
Jul	507.6	-2.2	510.5	510.5	19	4,929
Total					14,176	87,410

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	24.52	+0.47	24.66	24.05	45,060	61,528
Dec	23.92	+0.40	24.04	23.50	27,797	69,372
Jan	23.38	+0.42	23.43	22.98	7,600	43,164
Feb	22.75	+0.36	22.83	22.35	2,795	28,289
Mar	22.26	+0.38	22.28	22.10	2,024	17,628
Apr	21.76	+0.28	21.85	21.72	1,383	14,818
Total					102,459	406,052

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	23.38	+0.28	23.50	23.00	13,190	38,071
Dec	22.99	+0.40	23.01	22.55	7,180	53,252
Jan	22.35	+0.40	22.40	21.87	2,997	25,433
Feb	21.74	+0.41	21.74	21.37	4,501	15,012
Mar	21.16	+0.45	21.16	20.76	1,516	16,922
Apr	20.53	+0.35	20.53	20.34	566	6,559
Total					31,395	172,472

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	73.75	+1.77	74.00	71.55	20,803	46,724
Dec	72.30	+1.64	72.60	70.60	16,145	31,744
Jan	70.05	+1.34	70.30	68.70	8,489	24,007
Feb	67.30	+1.19	67.60	66.25	3,292	13,022
Mar	64.00	+1.34	64.20	63.00	1,512	7,149
Apr	60.40	+1.24	60.65	60.00	660	4,032
Total					48,955	142,352

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	246.75	-3.50	247.00	240.00	7,239	18,700
Nov	234.50	+3.00	235.00	228.75	7,064	19,306
Dec	224.75	+2.50	224.75	220.00	4,258	20,189
Jan	215.50	+1.75	215.50	211.00	2,152	13,218
Feb	206.00	+1.25	206.25	202.00	686	3,412
Mar	195.50	+0.50	197.00	192.50	817	4,355
Total					23,817	73,180

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	2.275	+0.095	2.290	2.175	10,938	27,999
Dec	2.435	+0.071	2.450	2.355	4,309	20,884
Jan	2.480	+0.076	2.470	2.379	1,130	17,873
Feb	2.365	+0.051	2.375	2.310	1,130	10,048
Mar	2.255	+0.040	2.255	2.210	583	7,466
Apr	2.105	+0.023	2.105	2.075	185	5,316
Total					20,381	132,851

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	63.30	+0.86	63.50	62.40	10,799	24,901
Dec	62.90	+0.64	62.95	62.00	4,764	12,108
Jan	62.30	+0.56	62.40	61.85	1,436	8,515
Feb	62.25	+0.74	62.25	61.85	707	2,834
Mar	62.00	-	62.00	62.00	158	1,298
Apr	64.05	-	64.05	64.05	100	1,853
Total					17,958	53,654

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	103.00	-0.65	103.25	102.50	111	1,673
Jan	104.75	-0.50	105.15	104.25	181	2,072
Mar	106.20	-0.60	106.40	105.80	103	1,432
May	108.00	-0.65	108.00	107.50	98	1,089
Jul	110.00	-0.65	110.00	110.00	35	138
Total					528	6,379

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	420.00	-2.50	425.00	417.00	13,989	46,103
Mar	410.75	-1.25	414.00	408.00	3,285	15,084
May	394.00	+2.00	396.00	391.50	301	1,458
Jul	374.50	+2.00	375.00	372.00	1,280	5,604
Sep	377.00	+2.00	378.00	377.00	10	118
Dec	387.00	+3.00	387.00	387.00	-	98
Total					18,839	347,426

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	292.00	-0.75	294.00	291.50	49,933	173,514
Mar	299.25	-1.25	301.50	298.75	11,857	88,720
May	305.25	-1.50	307.25	305.00	3,935	30,914
Jul	307.75	-1.50	309.50	307.25	3,903	24,881
Sep	294.50	-0.75	295.25	294.50	216	2,908
Dec	289.25	+0.75	289.50	288.00	2,201	16,508
Total					72,087	317,714

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	100.60	-0.65	101.00	100.50	41	386
Jan	102.00	-0.50	101.90	101.90	10	701
Mar	103.50	-0.25	103.75	103.50	21	175
May	105.00	-0.25	104.50	104.50	10	70
Total					46	1,612

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	737.50	-4.50	745.50	734.50	51,320	100,189
Jan	748.75	-4.50	755.25	743.50	10,001	32,012
Mar	754.50	-4.75	762.50	751.50	4,070	16,789
May	756.25	-4.75	763.00	753.00	2,215	14,973
Jul	756.75	-5.25	765.50	754.00	2,533	11,078
Aug	751.00	-5.00	751.00	751.00	59	313
Total					71,346	181,208

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	23.50	-0.25	23.90	23.47	1,819	2,204
Dec	23.89	-0.14	24.20	23.81	13,522	54,884
Jan	24.16	-0.17	24.90	24.10	2,048	12,990
Mar	24.55	-0.15	24.85	24.44	1,586	13,728
May	24.85	-0.20	25.05	24.78	805	8,036
Jul	25.12	-0.21	25.35	25.03	365	2,008
Total					20,428	95,929

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	247.8	+1.0	249.1	245.8	5,187	9,591
Dec	244.6	+0.7	246.2	242.6	15,639	43,468
Jan	243.5	-0.1	245.0	242.0	2,267	8,310
Mar	241.8	-0.2	243.8	240.0	7,465	13,006
May	237.5	-1.0	240.5	237.0	1,284	8,297
Jul	237.5	-1.3	239.5	236.0	532	3,384
Total					26,657	86,724

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	35.0	-	35.0	35.0	-	-
Mar	73.0	-	-	-	-	-
Apr	71.3	+1.0	71.5	70.0	14	1,312
May	82.0	+1.0	-	-	-	17
Jun	90.5	+1.0	-	-	-	-
Total					14	1,331

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	996	+1	[illegible]	995	1	773
Oct	1135	+7	1140	1133	417	1,469
Nov	1205	+10	1210	1200	81	528
Jan	1235	+11	1235	1230	50	1,478
Apr	1250	+10	1250	1250	15	498
Jul	1105	+5	1115	1115	13	97
Total					610	4,212

	Close	Prev
BFI	1017	1010

FUTURES DATA
All futures data supplied by CMS.

Wool
Recent loss of strength in wool markets went further this week and prices at all auctions lost ground. Finer merinos were particularly weak, having previously shown a good deal more strength than other categories. In three weeks the 19 micron indicator has lost 100 cents, or over 10%. Broader merinos eased less definitely, but the market direction overall is certainly downward. The Eastern market indicator in Australia fell 24 cents too 550 cents, the lowest of the season. New Zealand also eased, with the market indicator down 17 cents to 456, with merinos there also most affected. The downturn has undermined the limited confidence gradually built up in the chance of stronger wool markets to come as the season progressed into 1997.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	959	-8	971	957	1,364	32,748
Mar	985	-7	997	983	2,136	39,109
May	998	-8	1008	998	154	20,113
Jul	1013	-8	1021	1013	114	11,371
Sep	1030	-3	1030	1025	74	3,854
Dec	1040	-3	1041	1040	80	3,829
Total					4,007	132,578

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1342	-18	1364	1341	2,343	30,923
Mar	1368	-18	1382	1367	923	18,578
May	1387	-17	1401	1387	81	8,208
Jul	1405	-14	1412	1405	20	6,128
Sep	1420	-18	1433	1420	83	5,662
Dec	1444	-18	-	-	6	684
Total					3,357	78,639

■ COCOA (ICCO) (SDR's/tonne)

Oct 2	Price	Prev. day
Daily	1017.38	1021.86

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1485	-67	1555	1521	113	262
Nov	1495	-17	1505	1492	1,233	14,804
Jan	1429	-22	1440	1426	1,306	8,039
Mar	1392	-13	1398	1382	614	4,681
May	1374	-16	1382	1370	150	1,781
Jul	1368	-17	1373	1370	12	238
Total					3,313	29,388

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	107.45	+2.05	107.70	105.10	7,750	14,538
Mar	102.30	+1.80	102.50	100.35	1,347	5,723
May	102.25	+1.40	102.25	100.70	134	2,206
Jul	101.75	+1.00	101.75	101.75	10	788
Sep	101.65	+0.90	101.00	101.00	1	231
Dec	102.15	+0.90	101.45	101.45	39	291
Total					9,286	23,808

■ COFFEE (ICO) (US cents/pound)

Oct 2		Prev. day
Comp. daily	98.17	94.85
15 day average	94.87	95.00

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	325.1	+1.0	327.0	324.5	606	10,852
Mar	321.2	+0.3	323.0	321.0	425	9,693
May	320.3	-0.1	321.5	320.0	85	3,800
Aug	321.5	-0.8	323.3	322.0	384	1,360
Oct	314.9	-1.4	316.5	315.4	94	861
Dec	317.6	-0.6	318.0	318.0	9	265
Total					1,585	27,209

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	11.47	+0.45	11.55	11.12	5,220	6,379
Mar	10.85	-0.04	10.97	10.81	6,063	85,231
May	10.78	-0.07	10.87	10.78	2,036	24,251
Jul	10.63	-0.05	10.70	10.63	1,183	16,324
Oct	10.60	-	10.63	10.57	1,159	10,527
Mar	10.53	+0.01	10.55	10.52	122	3,062
Total					10,584	139,857

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	76.20	-0.80	76.85	76.50	76	697
Dec	76.79	-0.96	77.90	76.75	13,232	31,415
Mar	77.98	-0.91	78.90	77.85	2,179	10,660
May	78.54	-0.91	79.60	78.40	426	6,505
Jul	79.00	-0.80	79.55	79.45	151	4,865
Oct	78.73	-0.62	78.50	76.50	31	1,017
Total					16,627	50,383

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	112.10	+1.45	112.40	111.00	873	6,972
Jan	107.85	+1.25	107.90	106.90	346	6,149
Mar	109.85	+1.35	109.75	109.00	92	2,851
May	111.60	+1.35	111.25	111.25	84	691
Jul	113.60	+1.25	112.25	112.00	20	336
Sep	114.60	+1.25	-	-	-	234
Total					1,395	17,324

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 3	Oct 2	month ago	year ago
1919.4	1907.9	1951.5	2102.1

■ CRB Futures (Base: 1967=100)

Oct 2	Oct 1	month ago	year ago
244.64	244.20	-	-

■ GSCI Spot (Base: 1970=100)

Oct 2	Oct 1	month ago	year ago
204.15	204.31	201.11	182.84

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	72.125	-1.375	73.500	72.075	5,423	20,089
Dec	66.300	-1.500	67.850	66.300	9,082	39,118
Feb	64.150	-0.825	65.100	64.050	2,531	18,775
Apr	65.675	-0.500	66.400	65.800	422	8,460
Jun	63.375	-0.600	63.900	63.350	342	3,925
Aug	63.275	-0.450	63.900	63.250	100	4,258
Total					17,912	93,043

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	59.200	+0.350	59.500	58.750	2,715	5,791
Dec	58.300	+0.175	58.500	57.800	3,258	18,045
Feb	78.450	+0.175	78.975	78.150	1,315	5,952
Apr	73.775	+0.450	73.950	73.350	277	2,621
Jun	77.900	+0.150	78.000	77.450	194	2,748
Jul	74.800	+0.150	74.800	74.800	29	567
Total					8,807	36,389

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	78.225	-0.950	79.600	77.950	2,121	4,958
Mar	78.100	-1.000	78.450	78.000	136	889
May	79.500	-0.725	80.300	79.150	82	311
Jul	80.100	-0.375	80.000	79.200	13	137
Aug	78.200	-0.100	78.000	78.000	2	27
Total					2,062	6,476

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Nov	Feb	Nov	Feb
1300	50	94	14	27
1350	23	66	37	48
1400	8	42	72	72
■ COPPER (Grade A) LME	Nov	Feb	Nov	Feb
1800	120	154	26	71
1900	61	103	66	116
2000	26	66	130	178
■ COFFEE LIFFE	Nov	Jan	Nov	Jan
1500	42	63	30	113
1550	21	47	59	147
1600	12	35	100	185
■ COCOA LIFFE	Dec	Mar	Dec	Mar
975	32	58	40	41
1000	23	46	56	54
1025	16	36	74	69
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
2200	129	-	-	-
2250	-	-	-	-
2300	60	103	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$21.10-1.18	+0.300
Brent Blend (dated)	$23.59-3.61	+0.450
Brent Blend (Nov)	$23.47-3.49	+0.330
W.T.I.	$24.56-4.58	+0.310

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$216-218	+2
Gas Oil	$249-251	+3.5
Heavy Fuel Oil	$114-116	
Naphtha	$222-224	+2
Jet fuel	$285-288	+4
Diesel	$267-269	[illegible]

■ NATURAL GAS (Pence/therm)

Bacton (Nov)	13.10-3.30	-0.50

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

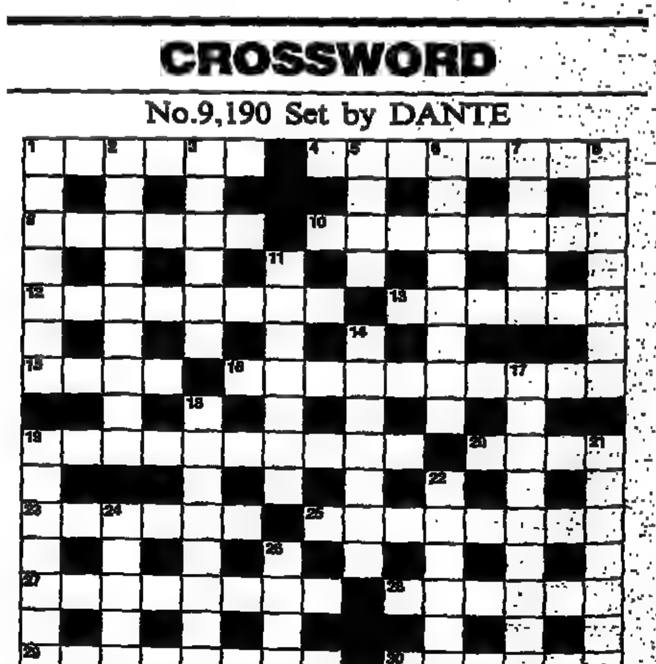
Gold (per troy oz)♣	$379.70	-0.70
Silver (per troy oz)♣	490.50c	-2.50
Platinum (per troy oz.)	$383.00	-0.75
Palladium (per troy oz.)	$120.00	-0.50
Copper	99.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.89r	+0.06
Tin (New York)	278.50	-1.00
Cattle (live weight)	93.83p	+0.56*
Sheep (live weight)	114.11p	+1.28*
Pigs (live weight)†	103.65p	-3.45*
Lon. day sugar (raw)	$283.90	+8.4
Lon. day sugar (wte)	$332.50	+2.8
Barley (Eng. feed)	105.50	
Maize (US No3 Yellow)	128.00	
Wheat (US Dark North)	Unq	
Rubber (Nov)♥	85.25p	
Rubber (Dec)♥	85.25p	
Rubber (KL RSS No1)	313.0v	-1.0
Coconut Oil (Phil)§	$747.5z	+7.5
Palm Oil (Malay.)§	$515.0x	+7.5
Copra (Phil)§	$448.0z	
Soyabeans (US)	218.0	0
Cotton Outlook 'A' index	76.35	+0.50
Wooltops (64s Super)	405p	-15

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x Oct. z Sep/Oct ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,507 head of pigs sold.

JOTTER PAD

CROSSWORD

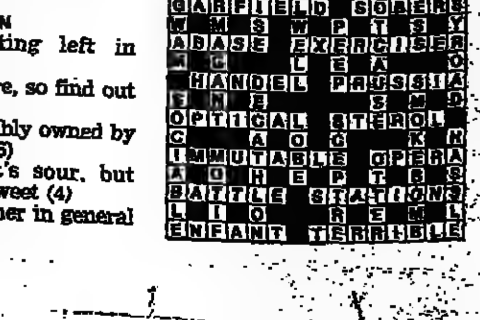
No.9,190 Set by DANTE



ACROSS
1 Persuaded firm to cut down (6)
4 Guard the silly girl (8)
9 Agree to take the throne (6)
10 Money fines can upset (8)
12 Oarsman returns in vessel showing distress signals (8)
13 This by itself is only a gradual process (6)
15 Clue that's found in middle of drawer (4)
16 Start of play (5,5)
19 Loud shrieking comes from this bird (10)
20 Is cited twice in divinity (4)
23 Little distinction (6)
25 Shaped up again – to a more moral life? (8)
27 Ruth is upset about politician achieving victories (8)
28 He gives notice (6)
29 Great works of literature in Latin and Greek (8)
30 Fear of finishing last by mistake (6)

DOWN
1 Risk of getting left in church (7)
2 Like to be sure, so find out (9)
3 Presents possibly owned by school head (6)
5 Altogether it's sour, but one drop is sweet (4)
6 Incline to wither in general (8)
7 Understood one to be in diplomacy (5)
8 Appreciate courtesy (7)
11 Long walk pirates ordered (7)
14 Nothing new about her being shown out (7)
17 Grate some designed to save fuel (9)
18 Frequently out of date (3-5)
19 Sort of energy required to make kit nice (7)
21 Cocktail for a fellow-traveller (7)
22 Fish, for example, with greens? (6)
24 It's used for tea round at home! (5)
26 Young bird lacking the knowledge to be fashionable (4)

Solution 9,189



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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
ABN AMRO Funds (u)						
4 Rue Jean Monet, L-2180 Luxembourg 352 424848020						
Latin America Equity			$48.94	49.67	—	-
North America Equity			$79.17	78.56	—	-
Asian Tigers Equity			$61.29	61.90	—	-
Europe Equity			$71.83	71.89	—	-
Germany Equity			DM132.90	133.56	—	-
Japan Equity			$49.82	50.32	—	-
Europe Bond			$60.47	60.62	—	-
US Bond			$58.27	58.42	—	-
Global Bond			$60.30	60.45	—	-
Germany Bond B			DM108.24	108.51	—	-
Spain Bond			Pta9830	9855	—	-
Eastern Europe Equity F			SKr218.06	185.36	—	-
China Equity F			$56.27	56.96	—	-
Switzerland Equity			SFr121.57	122.18	—	-
Abtrust Fund Mngrs Luxembourg SA (u)						
4 Boulevard Royal L 2449 Luxembourg 00 352 227001						

	Selling Price	+ or -	Yield Gr's
Fidelity Funds - Contd.			
Country Select Funds			
ASEAN	$21.43	-0.12	-
Asian Special Situations	$11.03	-0.03	-
Australia	A$16.64	+0.31	1.28
Emerging Markets	$8.512	+0.027	-
European Sm Cos F	DM13.24	+0.09	-
France	FFr85.01	+0.07	-
Germany	DM30.94	+0.16	-
Hong Kong	$47.46	-0.02	0.61
Iberia	Pta1823	+10	-
Indonesia	$10.33	+0.15	-
Italy	L14768	+75	-
Japan Smlr Cos	Y1088	+2	-
Korea F	$8.785	+0.010	-
Latin America	$8.614	+0.114	0.53
Malaysia	$34.48	+0.08	-
Nordic	Skr177.1	-0.4	-
Singapore	$24.88	+0.03	-
Switzerland	SFr14.88	+0.05	-
Thailand	$32.21	[illegible]	-
United Kingdom	£1.127	+0.003	-
Bond Funds			
European	Ecu11.08	+0.02	8.08
International	$1.041	+0.001	5.54

	Selling Price	Buying Price
Mercury Asset Management S.A. - Contd.		
Emerging Markets	$11.72	[illegible]
Gold & Mining	$10.87	[illegible]
Australian & New Zealand	$24.86	[illegible]
Eastern European	DM38.54	[illegible]
European	$38.84	[illegible]
Japan	$21.25	[illegible]
Latin American	$9.60	[illegible]
North American	$42.87	[illegible]
Pacific	$19.12	[illegible]
Singapore & Malaysian	$29.42	[illegible]
United Kingdom	$39.48	[illegible]
Asian Opps	$28.94	[illegible]
European Opps	$91.51	[illegible]
Global Opps	$11.34	[illegible]
Japan Opps	$18.38	[illegible]
North American Opps	$45.16	[illegible]
United Kingdom Opps	£18.40	[illegible]
DM Reserve	DM112.0	[illegible]
Dollar Reserve	$108.23	[illegible]
Sterling Reserve	£115.03	[illegible]
Swiss Franc Reserve	SFr107.87	[illegible]
Mercury Offshore Stlg Tst-SICAV (u)		
Global	£1.8830	[illegible]
Overseas	£1.948	[illegible]
European	£2.367	[illegible]

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

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OTHER OFFSHORE FUNDS

FT Surveys

MANAGED FUNDS NOTES

ALCOHOLIC BEVERAGES

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FT-SE Actuaries Share Indices.

[illegible]

Net asset values supplied by NatWest Securities Limited. For guide see Guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited. For guide see Guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PAPER, PACKAGING & PRINTING - Cont.

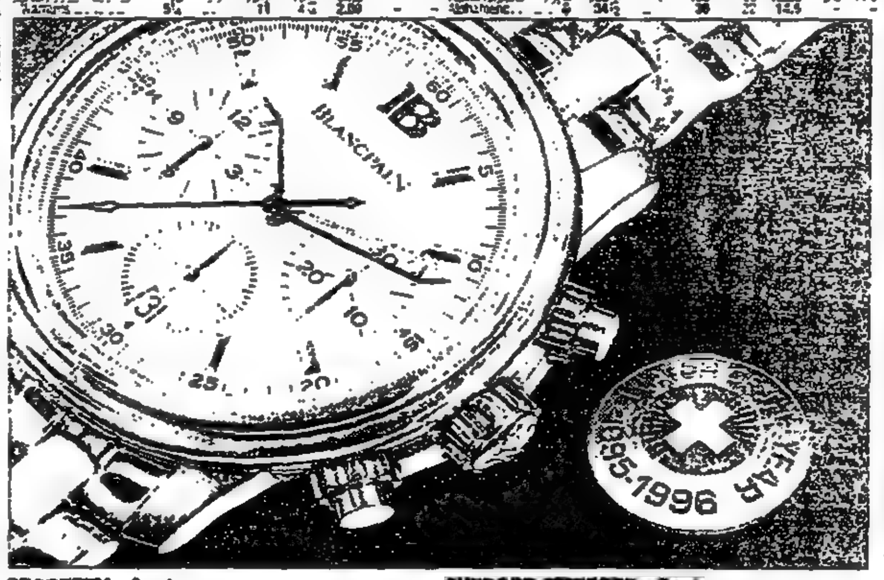
[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]



PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TELECOMMUNICATIONS - Cont.

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

The Alternative Investment Market, designed primarily for small companies, is regulated by the London Stock Exchange but has less demanding rules than the SE Official List.

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

[illegible]

Where stocks are denominated in currencies other than sterling this is indicated after the name.

Symbols relating to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

[illegible]

Price earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts in pence per share, along with the percentage discount (Dis) or premium (Pm) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- ♥ Rule 21.2(a) ... Overseas incorporated companies ... exchange
- ♣ Free annual/interim report available, see details below
- USM not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- Rule 4.2 ... incorporated ... listed companies
- Price at time of suspension
- Indicated dividend ... pending ... and/or rights issue
- Merger bid or reorganisation in progress
- § Forecast dividend yield ... based on ... latest ... statement

[illegible]

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LONDON STOCK EXCHANGE

FTSE 100 clings on grimly to the 4,000 level

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A predictable bout of profit-taking, the absence of any of the much-rumoured takeover activity and growing nervousness ahead of today's payroll report from the US, saw the FTSE 100 index temporarily drop back below 4,000 yesterday.

But a late flurry of support, from local and overseas institutions, helped the index rally sufficiently to close exactly at 4,000 – down 15.1 on the session.

The other leading indices were hardly changed, however, clearly indicating that any selling had been concentrated in the leaders. The FTSE 250 ended 2.3 off at 4,431.9 while the FTSE SmallCap edged up 0.6 at 2,176.

As to the market's ability to stick at the 4,000 mark, dealers said yesterday had been a great test of sentiment. "It was unquestionably a weight of money performance. There was some chunky profit-taking and there was an element of disappointment that there were no takeover bids, but there were plenty of institutional buyers around when the market was looking unhappy," said one senior trader.

He insisted the market would run on again, given no unduly bad news from the US today. "The market certainly doesn't feel unhappy, all the unhappiness is stock specific," he added.

Others said the big institutions had done no more than take out some insurance, booking profits after the market's recent run-up, in case the September non-farm payroll report comes in worse than expected.

The market is said to be looking for a payroll rise of around 150,000. A figure much greater than that could result in the US market beginning to doubt the wisdom of the Federal Reserve's recent decision to leave US interest rates on hold.

Wall's Street's move to yet another record overnight, coupled with an initially strong performance by gilts, as part of a Europe-wide surge in bonds, helped Footsie open marginally better.

However, an element of disappointment with the absence of takeover moves, notably the rumoured dawn raid on Imperial Group, began to rattle the nerves of bulls, and shares wilted in mid-morning.

Gilts played a significant part in the market's slightly unhappy tone during the afternoon, as did a weak opening by Wall Street, where the Dow Jones Industrial Average was down around 20 points shortly after the opening. However, the Dow began to catch up later in the session.

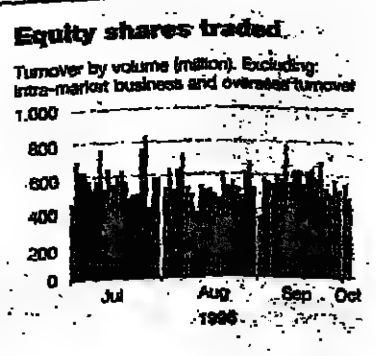
Activity in the leaders was concentrated in the two utilities affected by regulatory moves, British Gas and National Grid, which between them accounted for almost six per cent of overall market business. Gas shares were the worst performer in the leaders after the company elected to seek a Monopolies and Mergers Commission reference after consideration of the Ofgas price cutting proposals.

Turnover at 6pm was 776.4m shares, while the surge in trading following Footsie's move through 4,000 saw the value of business on Wednesday reach £2.1bn.

FTSE All-Share Index

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FTSE 100	4000.0	−15.1
FTSE 250	4431.9	−2.3
FTSE 350	1991.8	−6.2
FTSE All-Share	1965.75	−5.57
FTSE All-Share yield	3.76	3.75
FT 30	2853.8	−12.0
FTSE Non-Fins p/e	18.16	18.22
FTSE 100 Fut Dec	4033.0	−13.0
10 yr Gilt yield	7.49	7.47
Long gilt/equity yld ratio	2.09	2.11

Best performing sectors

1. Leisure & Hotels +0.7
2. Other Financial +0.5
3. Transport +0.4
4. Media +0.3
5. Life Assurance +0.3

Worst performing sectors

1. Gas Distribution −2.9
2. Tobacco −1.5
3. Alcoholic Beverages −1.0
4. Extractive Inds −0.9
5. Oil Integrated −0.9

More bad news for gas

By Joel Kibazo and Lisa Wood

British Gas was left friendless and unloved after it rejected the industry regulator's Transco price control proposals and instead requested that the matter be referred to the Monopolies and Mergers Commission.

With one analyst suggesting "these shares are dead money", the stock gave up 6½ to 193p in busy trade of 31m, making British Gas not only the worst performer among Footsie constituents but also by far the most actively dealt stock of the day.

Ms Irene Himona at SGST said: "For the next 6 to 9 months of the MMC review, shareholders will be in the dark regarding the company's future cash flow and dividend-paying capacity."

Analysts at Credit Lyonnais Laing believe the regulator had dealt "harshly" with British Gas and said: "Although there will be uncertainty over the next few months, the company is unlikely to face anything harsher that it has already had to endure."

News of what the market saw as better-than-expected price control proposals from Offer, the industry regulator, prompted strong two-way business in National Grid. The shares eased to 178p in turnover of 12m.

Sector analysts suggested the company is likely to accept price controls, which call for a 20 per cent cut in transmission revenues in the year to March 1998 and 4 per cent real cuts in each of the following three years.

All three of the stock market's debut stocks delivered impressive first-day performances.

Oriental Restaurants, which operates four oriental-style restaurants in London and a specialist wholesale division, made a sizzling market debut. The market had expected a premium of around 20p to the 154p placing price but, in the event, it reached 188½p.

Ultra Electronics, a defence and aerospace equipment manufacturer, quickly climbed to 286½p, on trade of about 12m shares, after being placed at 250p.

Airtech, which makes masthead amplifiers for the mobile communications industry, reached 75½p after being floated on the Alternative Investment Market.

There was no sign of the dawn raid in Imperial Tobacco which was rumoured in the dying minutes of Wednesday's session. However, buyers remained keen on the stock and the shares put on another 13 to 417p, in trade of 18m, as some dealers maintained a bid may yet be on the cards.

Early morning bid talk in Enterprise Oil sent the shares soaring to 599p. The talk suggested that the Italian company ENI was the interested party and was lining up a 750p a share bid for the UK group.

However, following an ENI statement that seemed like a denial of such an intention, shares in Enterprise retreated to close a mere 3½ ahead at 574½p. Volume was 4m.

Transport and property group P&O jumped 20 to 645p as the market gave a warm welcome to plans to merge its cross-channel ferry operations with those of Swedish group Stena Line.

One analyst said: "After the container division, it's good to see the company dealing with the next problem area."

Several brokers moved to upgrade profit expectations, including UBS which raised its estimate for the year to December 1997 by £20m to £410m and the following year's figure by £50m to £500.

Chemicals group ICI tumbled 20½ to 855p following a profits warning from its 62.5 per cent owned Australian subsidiary.

Safeway was a beneficiary of the latest AGB figures on market share in the food retailing sector, hardening 4½ to 340½p.

Kwik Save, the high street food retailer, which rose earlier in the week on ill-founded speculation about a tie-up with Iceland, fell 12½ to 317½p.

Inspirations, the tour operator, was the biggest loser in the SmallCap index after a profits warning.

The company blamed substantial one-off costs, charged in the current year, related to delays arising from aircraft maintenance schedule problems during the August and September holiday periods.

Inspirations, which floated on the USM in December 1993 before moving to the main market in February, tumbled 48 to 86½p.

Rank Organisation was the top performer in the FTSE 100, climbing 14½ to 441p after the announcement of the expansion of Hard Rock, its themed restaurant chain, into Atlantic City, New Jersey.

Hard Rock is in the process of constructing its 51st Hard Rock Cafe at Trump's Taj Mahal Casino in Atlantic City with the opening planned for November. Negotiations are also taking place for a similar arrangement at the Trump Castle Hotel & Casino.

Analysts also said that there had been some bottom-fishing in the stock which has substantially underperformed in the last month.

Bass fell 12½ to 777½p as rumours rumbled that the Office of Fair Trading would make an announcement shortly as to whether its purchase of the majority of Carlsberg-Tetley would be referred to the Monopolies and Mergers Commission.

Analysts said any announcement was unlikely yet, as it is understood that several interested parties have either just made submissions to the OFT or are about to do so.

Restaurant chains and operators of pubs continued to strengthen amid continued speculative interest in the sector, following the recent acquisition of two such chains. PizzaExpress rose 9 to 491½p and Harry Ramsden's added 5 to 385p.

Grand Metropolitan fell 5½ to 473p and Guinness softened 5½ to 454p on rumours that information relevant to both companies had been disclosed by Seagram, the Canadian drinks group, to US investors.

Footsie's surge past 4,000 gave a substantial lift to many of the fund management stocks with Perpetual gaining 50 to 2,342½p and M&G rising 12½ to 1,097½p.

Thorn fell 2 to 355p, well off its worst, as a number of buyers came in after the stock fell to 350p. One analyst described Thorn as "massively undervalued".

House of Fraser fell 8 to 149½p with the market continuing to react to its restructuring plans.

Next fell 10½ to 554½p. One analyst said it was getting hurt for no other reason than unfounded concerns that there would be no more upgrades. There was buying interest, however, in Storehouse which hardened 2½ to 312p.

FT 30 INDEX

	Oct 3	Oct 2	Oct 1	Sep 30	Sep 27	Yr ago	*High	*Low
FT 30	2853.8	2865.8	2861.7	2834.8	2822.4	2625.4	2885.2	2668.8
Ord. div. yield	3.97	3.96	3.97	4.00	4.01	4.08	4.22	3.76
P/E ratio net	17.39	17.46	17.37	17.25	17.20	15.81	17.46	15.80
P/E ratio nil	17.22	17.30	17.21	17.09	17.04	15.62	17.30	15.71

FT 30 since compilation: high 2885.2 12/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2867.5	2871.8	2866.7	2862.0	2850.2	2851.5	2852.9	2854.2	2854.7	2872.2	2849.3

	Oct 3	Oct 2	Oct 1	Sep 30	Sep 27	Yr ago
SEAQ bargains	45,373	44,742	39,081	42,124	34,268	28,172
Equity turnover (£m)†	–	2067.0	1501.7	1486.2	1453.3	1944.6
Equity bargains†	–	44,185	30,709	39,455	33,380	33,251
Shares traded (mil)†	–	678.4	472.7	547.2	515.1	776.8

†Excluding intra-market business and overseas turnover.

	Oct 3	Oct 2	Oct 1	Sep 30	Sep 27	Yr ago	*High	*Low
FTSE AIM	1002.70	1007.20	1019.40	1030.10	1030.20	–	1140.40	985.70

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■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	602	Total Highs	184	Total contracts	51,805
Total Falls	545	Total Lows	47	Calls	28,781
Same	1,494			Puts	23,024

Oct 3 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	4049.0	4033.0	−13.0	4061.0	4025.0	10230	59257
Mar	4070.0	4045.0	−13.0	4070.0	4070.0	1	370
Jun	–	4055.0	−13.0	–	–	0	300

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	–	4457.0	−3.0	–	–	0	3571

■ FTSE 100 INDEX OPTION (LIFFE) (*3999) £10 per full index point

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock
§	F.P.	264.0	330	314½	AEA Technology
§	F.P.	34.4	85½	75½	†Airtech
–	F.P.	12.1	88	82½	†Barbican Hithora
§	F.P.	123.2	179½	165½	Bronner Mond
–	F.P.	29.5	90½	81½	Croden Bay
–	F.P.	272.3	196	182½	Dairy Crest Grp
130	F.P.	31.0	189½	187½	Delton Electm
*	F.P.	5.17	4	4	†Dentmaster
§148	F.P.	41.3	246	148	†Elec Retail Sys
§	F.P.	11.7	315	315	†Eurasia Mining
§	F.P.	2.39	53	41	†Fayrewood
–	F.P.	205.4	£42½	£25½	GT Chile Growth
§12.5	F.P.	1.83	15¼	13¼	†Grosvenor Land
§65	F.P.	18.2	68½	64½	Hambros Sm Am C
*	F.P.	2,172	429	391	Imperial Tobacco
§	F.P.	38.2	177	172	Interoute Telecm
§12	F.P.	0.60	15	12	†Life Numbers
§	F.P.	0.16	6	2	†Life Numbers Wts
–	F.P.	1,792	£18½	£18⅛	Millenium Chem
§154	F.P.	18.3	200½	187½	Oriental Rest
*	F.P.	3.38	8	3	Pembertone Wts
86	F.P.	18.3	106	100	†Personal No Co
§65	F.P.	12.1	70½	69½	†Polydoc
§100	F.P.	61.5	98	90¾	Schroder Em Ctrs
§	F.P.	6.89	40	31	Schroder Em Wts
–	F.P.	6.61	137½	132½	Shellbane
§250	F.P.	186.2	290	282½	Ultra Elctn
§	F.P.	6.54	7¾	6¾	†Weeks Group

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Oct 3	% chg on day	Oct 2	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1928.41	+3.0	1889.39	1971.89	1.80	–	2520.73	1722.93
■ Regional indices								
Africa (13)	2546.07	+3.8	2453.23	2725.01	3.15	35.80	3553.96	2272.74
Australasia (6)	2059.55	+2.7	2005.76	2401.76	2.72	20.00	2827.24	2005.75
North America (12)	1734.04	+2.7	1688.26	1694.86	0.74	66.76	2180.36	1468.94

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Oct 3	Day's chge%	Oct 2	Oct 1	Sep 30	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4000.0	−0.4	4015.1	3992.2	3953.7	3544.4	3.91	2.05	15.62	145.91	1661.81
FTSE 250	4431.9	−0.1	4434.2	4409.8	4391.1	3991.5	3.45	1.55	23.47	149.46	1803.29
FTSE 250 ex IT	4462.2	—	4463.6	4439.7	4420.7	4018.1	3.54	1.57	22.42	157.13	1819.50
FTSE 350	1991.8	−0.3	1998.0	1986.6	1969.8	1771.6	3.81	1.95	16.83	71.62	1690.53
FTSE 350 Higher Yield	1898.4	−0.4	1905.7	1895.2	1881.3	1780.4	5.10	1.84	13.38	82.45	1357.43
FTSE 350 Lower Yield	2092.4	−0.2	2097.5	2085.2	2065.4	1787.6	2.66	2.15	21.95	51.10	1461.80
FTSE SmallCap	2176.42	—	2175.81	2171.27	2167.10	1975.45	3.12	1.59	25.25	55.35	1805.45
FTSE SmallCap ex IT	2168.37	+0.1	2167.21	2164.32	2159.92	1960.87	3.33	1.66	22.64	58.62	1811.55
FTSE All-Share	1965.75	−0.3	1971.32	1960.67	1945.00	1760.75	3.76	1.93	17.26	69.03	1693.66

■ **FTSE Actuaries Industry Sectors**

	Oct 3	Day's chge%	Oct 2	Oct 1	Sep 30	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3878.29	−0.8	3911.30	3853.05	3811.25	2990.10	3.59	1.63	21.45	126.66	1692.59
12 Extractive Industries(6)	4241.66	−0.9	4282.00	4243.89	4245.34	4230.98	3.83	2.86	12.28	161.60	1264.10
15 Oil, Integrated(3)	3994.53	−0.9	4031.04	3970.82	3921.24	2975.08	3.74	1.45	23.06	133.46	1789.34
16 Oil Exploration & Prod(15)	2933.93	−0.1	2937.80	2869.74	2831.71	1956.62	1.81	1.67	41.47	51.73	1777.58
20 GEN INDUSTRIALS(276)	2108.46	−0.3	2115.66	2110.84	2096.39	1998.72	4.05	1.73	17.80	70.44	1171.22
21 Building & Construction(34)	1203.66	+0.1	1203.03	1194.79	1193.64	932.02	3.47	1.50	23.96	31.44	1018.76
22 Building Mats & Merchs(29)	1992.17	−0.1	1995.08	1977.64	1986.32	1757.68	3.86	1.53	21.17	60.66	1020.44
23 Chemicals(25)	2535.87	−0.8	2556.91	2534.84	2518.64	2481.31	4.00	1.53	20.50	85.30	1221.96
24 Diversified Industrials(19)	1554.24	−0.9	1568.24	1579.05	1585.23	1771.07	5.53	1.62	11.81	87.44	894.91

■ Hourly movements

■ FTSE 350 Industry baskets

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FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

PACIFIC

AFRICA

INDICES

US INDICES

Dow Jones	Oct 2	Oct 1	Sep 30	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	5933.97	5904.90	5882.17	5933.97 (2/10)	5032.94 (10/1)	5933.97 (2/10/96)	41.22 (8/7/32)
Home Bonds	102.24	102.17	102.25	106.09 (14/2)	100.99 (15/7)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	2093.01	2084.16	2079.02	2296.20 (22/5)	1882.71 (18/1)	2296.20 (22/5/96)	13.23 (8/7/32)
Utilities	218.91	218.35	216.80	234.00 (12/2)	204.86 (30/7)	256.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 5966.02 (5942.17) Low 5888.88 (5833.72) (Theoretical) Day's high 5939.98 (5922.78) Low 5906.39 (5870.24) (Actual)

Standard and Poors	Oct 2	Oct 1	Sep 30	1996 High	1996 Low	Since compilation High	Since compilation Low
Composite‡	694.01	689.08	687.31	694.01 (2/10)	598.48 (10/1)	694.01 (2/10/96)	4.40 (1/6/32)
Industrials¶	819.78	813.99	812.85	819.78 (2/10)	702.07 (15/1)	819.78 (2/10/96)	3.52 (30/6/32)
Financial	73.63	73.02	72.38	73.63 (2/10)	58.67 (10/1)	73.63 (2/10/96)	7.13 (4/9/74)
NYSE Comp.	370.54	368.18	367.33	370.54 (2/10)	321.41 (10/1)	370.54 (2/10/96)	4.64 (25/4/42)
Amex Mkt Val	571.85	568.55	571.49	614.99 (23/5)	525.60 (16/7)	614.99 (22/5/96)	29.13 (9/12/74)
NASDAQ Cmp	1236.11	1221.51	1226.92	1249.14 (5/6)	988.57 (15/1)	1249.14 (5/6/96)	54.87 (3/10/74)

■ RATIOS

	Sep 27	Sep 20	Sep 13	Year ago
Dow Jones Ind. Div. Yield	2.17	2.16	2.17	2.42
	Oct 2	Sep 25	Sep 18	Year ago
S & P Ind. Div. yield	1.95	1.97	1.98	2.07
S & P Ind. P/E ratio	22.74	22.54	22.41	17.94

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Toys R Us	7,720,500	31⅛	+2⅜
AT & T	6,833,000	39⅛	+⅛
Kmart	6,145,100	11	+⅜
Lucent	5,719,300	43¼	-½
Chase Manh	5,072,300	80¾	+¼
Hew. Pack	5,004,800	46⅛	-1⅛
Micron	4,864,100	29⅜	+⅝
Pepsico	4,675,600	28¼	+⅜
Ford	4,431,600	31⅞	+⅛

■ TRADING ACTIVITY

● Volume (million)	Oct 2	Oct 1	Sep 30
New York SE	441.927	411.293	361.420
Amex	19.614	18.035	17.361
NASDAQ	587.150	553.689	534.243
NYSE			
Issues Traded	3,227	3,224	3,250
Rises	1,640	1,309	1,306
Falls	767	1,063	1,072
Unchanged	820	852	872
New Highs	211	128	181
New Lows	17	22	29

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	699.15	699.50	+0.15	700.10	697.90	64,717	178,822
Mar	705.10	705.65	-	706.20	704.30	241	4,082

Open interest figures for previous day.

INDEX FUTURES

NORTH AMERICA

CANADA

TORONTO (Oct 3 / Can $) 4 pm close

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Prices in US $.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, October 3, 1996

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	7.9m	340	-5
Sumitomo Seika	4.7m	791	-57
Minebea	4.4m	985	[illegible]
NKK	4.3m	284	-6
Hitachi	4.1m	1,080	-10
NEC	3.4m	1,270	[illegible]
Toshiba Corp	3.1m	758	[illegible]
Takara Shuzo	2.7m	[illegible]	[illegible]
Toyota Motor	2.7m	[illegible]	[illegible]
Isuzu	2.4m	[illegible]	[illegible]

4 pm close October 3

NEW YORK STOCK EXCHANGE PRICES

1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
23 7/8	17 1/4	AAR	0.48	2.1	21	1652	23 1/8	23	23 1/8	+3/8
46 1/8	36 1/8	AMP	1.00	2.6	18	2894	39	38 1/8	38 1/4	-1/2
87 1/2	68	AMR			16	5815	79 7/8	79 1/4	79 3/8	-1/8
50 1/2	37 3/8	ASA	2.00	5.1	25	198	39 1/8	38 7/8	39	-1/4
49 3/4	38 1/8	AbbotL	0.96	1.9	21	6763	u49 3/4	49 3/8	49 5/8	+1/4
17 1/4	12 1/4	Abitibi Pr	0.40	3.0	6	40	13 3/8	13 1/4	13 3/8	
20 1/4	13 1/2	ABM Ind	0.35	2.1	17	208	16 7/8	16 5/8	16 5/8	-1/4
19 1/8	13 7/8	Acptancein			39	35	u19 1/8	19	19 1/8	+1/4
56 1/8	37 3/4	ACE Ltd	0.56	1.0	13	4696	u56 1/8	54 1/4	55 7/8	+1 5/8
10 1/8	9 1/8	ACM Gvt In x	0.48	4.8	8	79	10	9 7/8	10	+1/8
7 7/8	6 5/8	ACM GvOpp x	0.57	8.1		141	7	6 7/8	7	+1/8
9 5/8	8 3/8	ACM Man v	0.90	9.5		225	9 1/2	9 3/8	9 1/2	
13 7/8	6 1/8	Acme Elect	0.32	4.2	127	106	8	7 5/8	7 5/8	-1/4
17 1/2	13 7/8	Acme Mills			11	31	17 3/8	17 1/4	17 3/8	
33 3/4	27 3/4	Acordia	0.72	2.4	17	24	30 1/2	30 1/8	30 3/8	+1/8
21 3/8	12	Acuson			85	764	17 1/4	17 1/8	17 1/8	-1/8
20 1/8	17 7/8	Adams Expr	0.48	2.4	1	66	u20 1/8	20	20	
21 1/4	10 1/4	AdvMic			9	2314	14 5/8	14 1/4	14 1/4	-1/4
11 1/8	8 1/2	Advest Grp	0.16	1.6	7	27	10	10	10	
26 1/8	9 1/8	Advo Inc	0.10	0.86	25	377	12 5/8	12 3/8	12 1/2	-1/8
51 1/2	41 1/8	Aegon	1.45	2.9	15	40	50	49 3/4	49 7/8	-1/4
6 1/4	3 1/2	Aerfls			2	451	4 1/8	4 1/8	4 1/8	-1/8
70 7/8	57 5/8	Aetna	0.80	1.2	7	2950	70	68 7/8	68 7/8	-1 1/8
37 1/2	28 1/4	Aflac	0.40	1.1	16	869	u37 1/2	37	37 1/2	+1/4
21 1/8	17 1/8	AGL Res	1.06	5.3	16	1502	20 1/8	19 7/8	20 1/8	+1/4
29 5/8	21 1/4	Ahmson	0.88	3.0	8	5862	u29 5/8	28 7/8	29 1/2	+7/8
60 7/8	50 1/8	AirPrC x	1.10	1.9	15	2142	58 7/8	58 5/8	58 3/4	+1/4
28 3/8	19 7/8	Airbrne Frt	0.30	1.4	14	604	21 1/2	21 1/4	21 1/4	-1/8

Survival course.

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NYSE PRICES

4 pm close October 3

Continued from previous page

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
27⅞	18⅝	SchwabCh	0.20	0.8	21	4655	24½	23⅝	24½	+1
33½	22¾	SchwMaud	0.60	1.8	15	392	33⅝	33	33	-½
20⅞	12	SciAtl	0.06	0.4	207	4267	17¼	16⅝	16⅝	
24	17	Scotsman x	0.10	0.4	12	88	23	22¾	23	+⅛
47½	39⅛	Scripps	0.52	1.1	28	561	46⅝	46	46⅝	
18⅞	12⅞	ScuddrNAsF	0.02	0.2		91	13¼	13⅛	13¼	
14	11	ScuddrNEsF	0.16	1.1		510	u14	13¾	14	+⅛
20½	16	SeaCoB	0.17	0.9	26	4	19½	19½	19½	
18	15	SeaC1.4625	1.46	9.4		7	15½	15¾	15½	+⅛
67¾	36⅛	Sgate			28	14656	54⅛	51¾	53⅞	+¼
38⅞	30⅞	Seagrm	0.60	1.7	24	4670	36⅝	35⅞	36⅛	-⅜
26	17⅞	Seagull En	1.20	5.7	13	7470	21⅞	20⅞	21⅛	+⅝
39	28	Sealed Air	0.64	1.7	25	481	37⅞	37⅝	37½	-⅛
53⅞	38¼	SearsR	0.92	2.0	17	15373	46⅝	45½	46⅜	+1¼
22⅝	19¼	SecCapSSt	1.24	5.7	20	622	21⅞	21⅝	21⅞	+¼
13	11⅞	Seligm Sel	0.84	6.8		52	12⅜	12¼	12⅜	+⅛
23¾	13⅝	Sensormat	0.22	1.2	15	1476	17⅞	17¼	17⅝	+¼
46½	29½	SequaA	0.60	1.3	51	43	44⅞	44	44⅞	+⅞
53⅞	30	SequaB	0.50	0.9	81	4	53¼	53¼	53¼	
31⅜	19½	ServCp	0.24	0.8	29	2391	30	29⅜	29⅞	
25⅞	19½	SvMstr	0.68	2.7	18	306	u25⅞	25¼	25½	+¼
6¼	4½	ServMerch			10	490	4⅞	4⅝	4⅝	
50⅛	29½	SGSThm			8	2980	45⅝	43½	44⅞	-⅝
15⅝	10⅝	Shaw Ind	0.30	2.5	30	4303	12⅝	11⅞	12	-½
13½	10¼	Shelby Wil	0.32	2.5	15	3	12⅞	12⅞	12⅞	-⅛
95⅛	76⅝	ShellTr x	3.26	3.4	19	124	94½	93⅞	94½	+⅛
47⅞	39	SherW	0.70	1.5	19	1121	u47⅞	46¼	47¼	+¾
13⅞	7⅞	Shoneys			10	1136	8¾	8⅝	8¾	-⅛
35½	18¾	Showboat	0.10	0.5	51	849	22⅝	21⅞	22	-⅛
28½	22¾	Sierra Pac	1.18	4.5	12	461	u26½	26⅛	26½	+¼
8	3½	SignalApp			0	8	3¾	3⅜	3⅜	-⅛
29	20	Signet Bnk	0.80	2.9	18	2469	27½	27	27¼	-⅛
30⅞	20	SiliconGr			32	9704	22¼	21¼	21⅞	-⅝
28½	24¼	SimonDbil				1988	u28½	28⅛	28½	+¼
9¾	7⅞	Sizeler	0.88	9.9	30	78	9	8⅞	8⅞	
4¾	2	Sizzler	0.16	5.5	0	1905	3	2⅞	2⅞	+⅛
28⅞	19¼	Skyline	0.60	2.2	14	277	27¼	27½	27½	-⅛
11⅞	8⅝	SL Inds	0.06	0.7	15	42	9¼	9⅛	9⅛	-⅛
38⅛	19⅞	Smithln			28	2915	u38⅛	37⅛	37¾	+⅝
63⅞	48⅝	SKBchm	0.38	0.6	30	3825	63⅛	62½	63⅛	
31	21½	Smiths Fd	0.60	2.2	3	445	27⅛	27	27⅞	+⅛
22½	16⅛	SmuckerJ	0.52	3.0	18	43	17¼	17	17⅛	
33	27¼	SnpOnT	0.80	2.5	18	598	32½	32	32¼	+⅛
51⅛	29	Solectron			23	2030	50⅞	49¾	50⅞	+⅞
47½	31¾	Sonat	1.08	2.4	17	1959	45⅞	45⅜	45⅞	+⅛
30⅞	25⅜	Sonoco	0.66	2.4	15	1375	27½	27¼	27⅛	-⅛
85⅞	57⅞	Sony	0.40	0.5	50	407	83⅝	83⅝	83½	-½
18¾	12½	Sotheby	0.32	1.9	25	732	16⅝	16½	16⅝	
46⅞	39⅝	Source Cap	3.70	8.7	426	27	42½	42¼	42½	+⅛
41	32	SouthCar5%	2.50	7.4		z100	34	34	34	
24	20⅛	SthJersInd	1.44	6.2	13	19	23½	23⅛	23⅞	-⅛
25¾	18	Sthdwn	0.40	1.6	9	387	24¾	24⅜	24⅝	+⅛
23⅞	18¾	SCalEd	1.22	5.5	12	101	u23⅞	22⅞	22⅞	-1
34	25¼	SthNatCp	1.08	3.2	12	804	33¾	33½	33⅝	-⅛
25⅞	21⅜	SthnCo	1.26	5.7	12	7509	22⅞	22½	22¼	-⅛
45⅞	36½	SNETel x	1.76	4.7	13	894	37⅝	37⅜	37⅜	-⅛
30¾	21⅞	SWAir	0.04	0.2	14	3140	22⅞	22⅛	22½	-⅛
18⅝	14⅞	SouthWGas	0.82	4.6	25	205	17⅞	17⅝	17¾	+¼
16⅛	10⅝	SouthWEngy	0.24	1.7	22	210	14⅝	14⅜	14½	-⅛
34⅛	30¼	SouthWePSv	2.20	6.6	12	779	33¼	32⅞	33⅛	+½
9⅞	8⅝	Spain Fund	0.46	4.7		95	u9⅞	9¾	9⅞	

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
53⅞	39⅞	TmpInl	1.28	2.4	12	923	u53⅞	52¾	53⅛	+⅛
21⅞	18⅛	TempltGlblInc	0.27	1.5		217	18½	18⅛	18¼	+⅛
7¾	6⅜	TempltGlob	0.60	8.4		183	7⅛	7	7⅛	+⅛
7½	6¼	TempltGlFd	0.60	8.4		520	7⅛	7⅛	7⅛	-⅛
23¼	16⅞	TenetHlth			13	4594	21¾	21	21⅛	-⅝
59½	45¾	Tenneco	1.80	3.6	8	3875	50¼	50	50⅛	-⅛
40¼	34⅞	Teppco Ptn	3.00	7.8	11	51	38⅞	38⅞	38⅞	+½
27⅞	11¾	Teradyne			8	3507	17⅞	16¾	16⅞	-¾
6⅞	4⅞	Terex	0.05	0.8	8	215	7¼	7	7⅛	+⅛
15	11	Terra Inds	0.14	1.0	8	482	14½	14⅛	14¼	-⅛
13⅞	8	Tesoro	0.40	2.9	5	505	u13⅞	13½	13⅝	-¼
98⅞	75⅞	Texaco	3.40	3.6	23	5006	94½	93⅞	94	
60¼	50¼	Texas Ind	0.40	0.7	8	130	58⅝	58⅛	58½	-¼
59⅞	40½	TxInst x	0.68	1.3	12	7180	54⅛	52⅞	53	-⅞
32½	25⅝	Texas Pac	0.40	1.4	28	7	29	28¾	28¾	
43⅜	38½	TxUtl	2.00	5.0	268	1250	40½	40⅛	40¼	-⅛
3⅝	2¾	Textl Inds	1.10	41.9	7	48	2⅝	2½	2⅝	-⅛
99	69⅛	Textrn	1.76	2.0	16	1084	87¼	86½	86⅞	+⅛
5½	2½	Thackeray			26	2	2⅞	2¾	2¾	
17	11½	Thai Cap	1.80	15.8		174	12⅝	11⅞	12	-⅛
27¼	19⅞	Thai Fund	0.33	1.6		951	21	20⅝	20¾	-⅛
44⅞	30½	ThermoElec	0.12	0.3	32	3822	40⅞	40	40⅛	-⅞
47⅞	32⅞	Thiokl	0.68	1.4	14	83	47¼	47	47	-⅛
41½	33¾	ThBett	2.24	5.6	18	494	39⅞	39¼	39⅞	+⅛
22⅞	16¾	Thomas Ind	0.40	2.1	13	66	19⅛	18¾	18⅞	-½
28½	21½	360Com			73	2215	23⅞	22½	23⅝	-⅛

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1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
50	29⅞	Tidwtr	0.60	1.5	28	12282	39⅝	37½	38¾	+1½
42¾	24¾	Tiffany	0.28	0.7	30	1014	u42¼	41⅛	41½	-¼
34¼	26	TIG Hldgs	0.20	0.7	20	459	30⅛	29⅞	29⅞	-⅜
45⅛	28⅜	TmWarn	0.36	0.9		5911	38¾	38⅛	38⅝	-⅛
46	30⅝	TmMirA	0.40	0.9		513	44⅞	44½	44⅞	
47⅝	38½	Timkn	1.20	3.0	10	289	39⅞	39⅛	39⅞	+⅛
7¾	3⅝	TitanCrp			7	350	4⅞	4⅛	4⅛	-⅛
12¾	10⅝	Titan Pl	1.00	9.3		2	10¾	10¾	10¾	-⅛
7¾	5⅞	Todd Shp			17	146	7¼	6⅞	7¼	+⅝
10⅜	8⅝	Tokheim Co	0.98	8.1	25	86	9⅛	8⅞	9⅛	+⅛
23½	14⅝	Toll Bros			11	197	18⅝	18¼	18¼	-⅛
60½	32⅝	TomHlr			53	1488	u60½	59	59⅞	+¾
40⅞	33⅞	Tootsie Rl x	0.25	0.7	19	57	35½	35⅛	35⅛	-⅛
49⅞	40¼	Tchmrk x	1.16	2.5	20	828	46	45⅝	45¾	-⅛
36¼	30	Toro Corp x	0.48	1.5	11	531	33	32½	33	
55⅞	37	Tosco	0.64	1.2	15	1287	u55⅞	54⅝	54⅞	+⅛
29¼	11½	TotalSyst	0.06	0.3	119	238	28⅞	28⅛	28⅞	+⅛
31⅞	20½	TysRUs			88	31372	u31⅞	30⅞	30⅞	-⅝
28	23¼	Transatlnc x	1.92	7.9	10	13	24⅞	24⅜	24⅞	-⅛
84½	67	TransAm x	2.00	2.8	10	939	71⅝	71¼	71⅝	+¼
75¼	62⅝	Transatlan	0.48	0.7	11	224	70⅞	69⅝	70⅛	+⅛
11½	9¾	Transcnt R	0.40	3.9	8	z100	10¼	10¼	10¼	+⅛
11	5⅜	Transpro x	0.20	2.6	7	62	7⅞	7⅛	7⅞	
19¾	12½	Transtech	0.26	1.4	12	27	18½	18⅛	18⅞	+⅛
51⅝	37¾	Travlr	0.60	1.2	11	6286	51¼	50½	51	
38	20½	Tredegar	0.24	0.7	11	72	35	34⅞	34⅞	
36	33¼	TriCont2.5 x	2.50	7.4		4	33⅞	33⅞	33⅞	
14⅛	10	Triarc			7	212	12⅛	11¾	12	-⅛
78	59⅞	Tribune	1.20	1.5	14	866	78¼	77⅝	78	+⅛
25¼	22¼	TriCon x	0.64	2.5		142	25⅛	25	25⅛	+⅛
39¼	30¾	Trinity	0.68	2.0	11	1132	33⅞	33⅜	33⅞	-⅛
36	27¼	Trnova	0.80	2.6	9	471	31⅜	30⅞	31	-⅛
59⅞	40	TritnA	0.10	0.2	53	1689	44⅛	43⅛	43⅞	-⅛
27¾	18¼	TrustI	0.60	2.6	21	235	23¼	23	23	-⅛

AMEX PRICES

4 pm close October 3

NASDAQ NATIONAL MARKET

4 pm close October 3

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
ACC Corp	0.12	578	227	47½	46¼	46¼	-1¼
Acclaim E		6	883	7¾	7 7/16	7⅝	-1/16
Acxiom Cp		56	873	u41¾	41	41½	
Adaptech		36	5913	59½	58¼	59⅛	-⅛
ADC Tele		50	5581	64¼	61¾	61¾	-1½
Addington		19	133	25¾	25	25	-⅝
AdecoADR	0.16	30	z100	34¼	34¼	34¼	
Adobe Sys x	0.20	38	4891	37	35¾	35¾	-1⅛
Adv Logic		12	200	9	8⅝	8⅝	-⅛
Adv Polym		13	206	8 7/16	8¼	8 7/16	+1/16
AdvTchLab		86	2025	28½	27¼	28½	-½
Advanta B	0.43	12	1764	46⅛	44⅞	45	-⅞
Advanta A	0.36	13	2798	49	47⅛	47⅜	-⅞
AgnicoEa	0.10	44	49	16⅛	16	16	
AirExpr x	0.24	16	147	29	28½	28½	-¼
Akzo ADR	1.75	11	357	61¼	60¾	60⅞	-⅝
AlaBld	0.86	22	433	24¾	24	24¼	-¼
AllCom x	0.80	18	413	16⅜	16	16⅛	+⅛
Allen Org	0.52	13	3	39	39	39	
Allen Ph		18	747	17¼	16¾	16¾	-½
AlldCapll	1.52	17	49	19⅞	19¾	19⅝	+⅝
Alld Cap	1.16	13	26	15⅜	15⅜	15⅜	
Aloette C	0.32	7	5	3⅞	3⅞	3⅞	+⅛
Alta Gold	0.06	23	1060	3 31/32	3 11/16	3¾	+1/16
Altera Co		21	12409	50¾	49⅝	49¾	-1
Am Banker	0.80	11	1185	50⅛	49⅞	49¾	
AmCity	0.16	3	129	9¾	9⅜	9⅜	
Am Manag		36	1169	29⅝	29	29⅛	
Am Softwr	0.32	13	729	6⅞	6⅝	6⅞	+¼
Am Frwys		128	453	9	8⅝	8⅞	+¼
AmGrtA	0.66	20	1544	29⅛	28⅞	28⅞	-¼
AmkinP		3	580	7/16	13/32	13/32	
AmNtIn	2.52	8	180	66¾	65¾	65¾	-1
AmPwrConv		20	3130	15	14⅝	14⅝	-3/16
Am Trav		16	1900	u33⅝	33¼	33⅝	+⅛
Amgen Inc		28	19285	62⅝	61¼	61⅞	-⅝
Amtech Cp	0.06	42	347	7⅛	6⅝	6⅞	+¼
Analogic	0.20	27	56	28¼	27½	28¼	+¼
Analysts	0.36	28	895	24½	23	24	-½
AnangeMm	0.75	6	83	8⅞	8⅝	8⅞	+⅛
Andrew Cp		36	4060	50½	48¾	49¾	+⅛
Apogee En	0.34	23	2855	u37	35.74	37	+1½
APP Bio		50	8424	11 1/16	10⅝	10⅞	
Appld Mat		72	8409	29⅛	28¾	28⅞	-¼
AppleC	0.48	3	20307	23¾	21½	22⅜	-1¼
Applebees	0.05	23	907	28⅝	25¾	26	-½
Arbor Dr	0.28	21	2075	u23¼	22	22¼	-⅝
ArcCat	0.24	13	48	9¾	9½	9⅝	-⅛
Argonaut	1.48	13	168	31	30½	30⅞	-⅛
ArkBstDel	0.04	1	222	6⅞	6¼	6⅞	+¼
Armor All	0.64	42	2442	16¼	15 15/16	16	
Arnold In	0.44	16	67	16¼	15¾	16 1/16	-3/16

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Dntply x	0.33	19	275	44½	44	44¼	-¼
Dep Gty	1.40	11	381	49	48¼	48¾	+½
Devcon	0.20	15	46	7	d6⅝	6⅞	
DH Tech		18	20	25¼	24½	25¼	
Digi Intl		12	2111	15¾	14	15⅝	+1.15
Dig Micro		81	1557	22¼	21⅛	21½	-¼
Dig Sound		3	222	1 21/32	1⅞	1⅝	+1/16
Dig Syst		40	480	18½	18⅛	18⅛	-⅜
Dionex Cp		21	155	38½	37¾	38	-½
Dixie Yrn	0.20	1	134	4⅝	4½	4½	-⅛
Dollar Gn	0.20	28	77	31⅛	30½	30½	-⅝
Dorch Hin x	0.88	15	39	15½	15	15	
DrecoEngy		16	168	24⅝	24	24⅜	-½
DressBarn		14	1554	11⅛	10⅞	11 1/16	-1/16
Drey ED	0.24	110	228	26¾	d25	25½	-1
Drug Empo	0.08	24	112	4⅜	4¼	4¼	-⅛
DS Bancor	0.24	13	53	38¼	37½	37½	-½
Duriron	0.52	20	1850	27⅞	27½	27⅞	+3/16
Dynatech		48	3373	47½	45	47¼	+2⅛

- E -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Eagle Fd		7	64	4⅝	4⅜	4⅜	
EastEnvmt		10	848	6¾	6½	6.61	-.06
ECI Tel	0.05	15	1829	21⅝	20⅞	20⅞	-⅜
Egghead		13	540	6⅛	5¾	5 15/16	-1/16
ElectSci	0.40	8	154	18¾	18	18¾	+¼
ElctrbB	1.57	11	12	58⅜	58	58⅜	-⅛
ElectArts		50	7398	38	36.86	37	-¾
Emcon Ass		23	41	3⅜	3 3/16	3¼	
Emulex		10	640	17¾	16⅝	16⅝	-⅜
EncoreCmp		0	552	1⅞	1 11/16	1¾	
EngyVntrs	4.50	38	3	40⅛	40⅛	40⅛	+⅛
Enzon Inc		13	7796	2½	2¼	2 7/16	+1/16
EquityOil	0.10	67	332	3½	3¼	3⅜	
ERD Waste		9	59	4¼	4⅛	4⅛	-1/16
EricsnB	0.22	28	17388	25⅝	25⅜	25½	
Ethicl		19	120	6¾	6¾	6¾	-¼
Evans Sth		18	45	23½	23¼	23¼	-¼
Exabyte		22	1725	15⅜	14⅝	15¼	+¼
Excalibur		58	140	18⅛	17	18⅛	+⅝
ExideElec		13	82	11½	11	11	-⅛
Expedit I	0.16	23	850	35¾	34½	35⅛	-⅛
ExcorpNov		5	452	6⅝	6⅜	6½	+⅛

- F -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Fall Grp		17	61	6¼	6⅛	6¼	+¼
Farr Cp	0.24	13	1071	u16⅞	15¾	16	+¾
Fastenal	0.02	60	747	49½	47⅞	48	
FHP Intl		85	3408	36 13/16	36½	36⅝	-¼

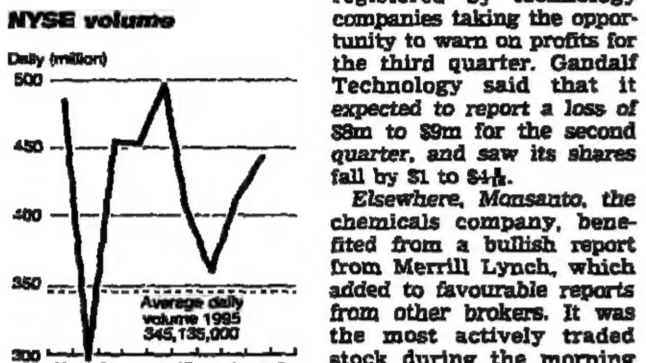
FINANCIAL TIMES Friday October 4 1996

US shares turn back from peaks

AMERICAS

US equities weakened in midsession trading in the first significant reverse following a succession of all-time highs in the last week, *writes John Authers in New York.*

All of the most closely watched indices were registering falls at midday. By 1.30 pm the Dow Jones Industrial Average had fallen 7.08 to 5,926.89. The broader Standard & Poor's was down 1.26 at 692.85, and the Nasdaq was off 1.27 at 1,34.84.



Attention began to focus on today's employment figures, with analysts suspecting that they would confirm that the economy was not growing fast enough to reawaken inflationary fears, or to require a rise in base rates by the Federal Reserve.

Unchanged unemployment claims data for last week, involving a slight increase in the four-week moving average of the number of people claiming unemployment benefits, helped strengthen this sentiment, suggesting that the labour market would not be too strong in the last quarter of the year.

While speculation about these figures did not create the turbulence which has been seen frequently in recent months, mainly because there is now no opportunity for the Federal Reserve to raise interest rates until after the presidential election in November, it concentrated dealers' minds on the fact that the market had become overbought in the last few weeks.

The weakening in the bond market, also beginning to be taken over by speculation about the unemployment figures, also helped push stock prices down.

Small-capitalisation stocks came under the greatest pressure from profit-takers. The sharpest moves were registered by technology companies taking the opportunity to warn on profits for the third quarter. Gandalf Technology said that it expected to report a loss of $8m to $9m for the second quarter, and saw its shares fall by $1 to $4 1/16.

Elsewhere, Monsanto, the chemicals company, benefited from a bullish report from Merrill Lynch, which added to favourable reports from other brokers. It was the most actively traded stock during the morning and, by 12.30pm, its price had risen by $2½ to $41¼.

Wang Laboratories also posted significant gains after confirming that it was in talks with Eastman Kodak over the possible sale of its document imaging unit. Wang did not disclose the price, but its shares gained by 12 per cent in morning trading, up $2⅜ to $22¼.

TORONTO turned back from the record highs achieved earlier in the week, pressured by weaker golds and conglomerates. The TSE-300 composite index was down 7.00 by midsession at 5,381.10 in hefty volume of 48.7m shares.

Molson added 25 cents to C$19.65 after the brewing giant agreed to sell its Novamax Technologies business to Germany's Henkel for C$255m. Philip Environment edged 5 cents higher at C$13.05.

Caracas ahead again

Leading Latin American bourses made further progress with some of the recent excitement in Caracas showing signs of spilling over into neighbouring stock markets.

CARACAS continued to steam ahead. Shares looked set to make it 10 rising sessions in a row with the IBC index showing a gain of more than 4 per cent at the close of morning trade.

At least one top US broker had recently turned more positive on Venezuela, and there had been steady overseas buying. At noon, the IBC stood at 6,208.24, up 288.24.

SAO PAULO was also in lively form with the Bovespa index rising 840 to 66,058.

MEXICO CITY reversed an early decline and by midsession the IPC index stood at 3,380.8, up 22.5.

BUENOS AIRES maintained some of Wednesday's momentum, with the Merval index picking up 1.43 to 571.93 by midsession.

However, analysts noted that many investors were eagerly awaiting today's US jobs data.

S Africa golds held in check

South African industrials added to Wednesday's strong gains, but a faltering bullion price held golds in check and at the end of the day the overall index in Johannesburg was just 17.4 ahead at 7,014.5.

Industrials gained 21.9 to 8,226.1. Golds, which had surged by more than 3 per cent during the preceding session, eased 9.3 to 1,722.5 after the bullion price failed to breach the $380 level.

Among individual shares, Anglo American put on R1.75 to R286.75 and De Beers gained R1 to R144.

Absa, which jumped 8 per cent on Wednesday, fell back on clear profit-taking. The shares closed down 90 cents at R25.60.

Last-minute buying surge boosts Brussels

EUROPE

A number of bourses made new all-time highs, none more emphatically than **BRUSSELS** which saw a buying surge in the last seconds of trading. The Bel-20 index, which had earlier broken safely, but quietly through the 1,800 resistance level, closed 39.33 or 2.2 per cent higher at 1,829.85.

Earlier this year, index funds were adjudged to have pushed shares, and the key index, around clumsily to the detriment of the conventional investor.

This time, however, market professionals said that a local broking house, big in the futures and derivatives field, put in a huge buying programme just before the closing bell. Turnover was BFr4.9bn, of which a chunk estimated between BFr1bn and BFr1.6bn was said to have been transacted in the last minute of trading.

Frankfurt was closed for the German Unity Day holiday.

Repeat all-time highs were also seen elsewhere. **COPENHAGEN**, having set new records every day so far this week, just got there with the KFX index up 0.14 at 124.60. **DUBLIN**'s general list took over from financials as the ISEQ overall index closed 15.72 higher at 2,691.17. **ISTANBUL** got there in style with the composite index 1,417.13 or 1.9 per cent higher at 75,263.85; interest rate fears continued to subside.

FTSE Actuaries Share Indices

Oct 3								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1745.81	1748.27	1748.19	1746.66	1746.32	1746.85	1748.11	1749.01
FTSE Eurotrack 200	1802.22	1802.53	1801.02	1801.37	1803.13	1801.92	1803.57	1803.74
		Oct 2		Oct 1		Sep 30	Sep 27	Sep 26
FTSE Eurotrack 100		1745.79		1731.72		1724.86	1723.44	1718.77
FTSE Eurotrack 200		1803.57		1789.94		1780.43	1777.16	1767.69

Base value 1000 (26/10/90); High/day: 100 - 1749.93; 200 - 1805.43 Low/day: 100 - 1744.85 200 - 1800.88. † Partial.

PARIS reversed modestly after a day of narrow trading. With Wall Street moving lower, the CAC 40 ended off 5.75 at 2,136.09.

There was concern about the public sector protests planned for later this month, and little help from the general run of corporate statements which mostly indicated dull results

Carrefour dipped FFr36 to FFr2,894 on disappointment with the retailer's September sales outturn which showed a gain of just 0.2 per cent. Interims from Schneider also disappointed and the shares came off FFr7.70 to FFr238.30.

But the biggest results upset of the day came from Bongrain which fell more than 7 per cent. Profits from the cheesemaker came in substantially short of broker expectations and there were a number of savage downgrades for the full year. The shares ended at FFr2,164, down FFr181.

AGF, the recently floated insurance group, gained ground for the second day running, adding FFr4.40 to FFr152.41 on rumours that a German insurer was planning to take a stake.

MILAN closed an active session at the day's highs, helped by bonds and the lira, which reached a two year high against the D-Mark. The Comit index rose 4.79 to 640.78.

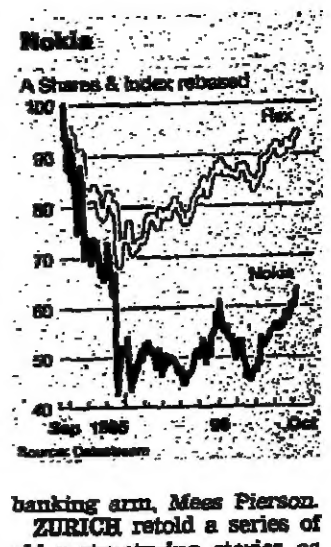
Olivetti turned back from its best levels to finish flat, with news of its plans to divest its personal computer division and other businesses coming after the market had closed. The restructuring was just the news that many investors had been demanding. However, Mr Nimrod Schwarzmann at James Capel cautioned that while there might be some initial euphoria, the decision would reduce the company's revenues considerably and Olivetti was likely to have to take provisions for the closure of the PC division. The shares eased L2.6 to L517.7, off a peak of L538.

A L160 fall to L7,529 in Eni, the state energy group, was attributed to selling ahead of a second tranche share placement later this month. Gemina, the financial holding company, jumped L46.8 to L760.2 on speculation that it might be about to announce a sale or an investment in the industrial sector.

AMSTERDAM bounced gently off Wednesday's peaks to close with the AEX index 0.32 lower at 581.59.

There was some selective buying of financial stocks. ING jumped 70 cents to Fl 54.70 following an emphatic "no comment" on rumours that it was teeing up a bid for Winterthur, the Swiss insurer.

ABN Amro rose 70 cents to Fl 97.50 and Fortis Amev 60 cents to Fl 52.70 after Fortis said that it was negotiating the possible purchase of ABN's Dutch merchant banking arm, Mees Pierson.



ZURICH retold a series of old restructuring stories as the SMI index finished 11.4 higher at 3,771.6, above important resistance at 3,770 which, technical analysts said, opened the way for further advances.

CS Holding put on SFr1.50 to SFr126 on speculation that it was about to follow the lead given by the other two big Swiss banks with a restructuring programme.

Sulzer finished SFr4 higher at SFr749, off a high of SFr762, on rumours that various changes were planned, including a management reshuffle. Suggestions of a restructuring at the recently pressured Swissair drove the airline SFr21 higher to SFr1,069.

Elsewhere, Schindler rose SFr20 to SFr1,210 on news that a consortium that it led had won a SFr58.7m order to build trams for the city of Zurich. Analysts noted that the order would help to compensate for its weak lifts business.

Among insurers, Winterthur rose SFr4 to SFr778 with many in the market doubting the London inspired ING rumours.

HELSINKI registered year's highs for the Hex index, up 11.42 at 2,202.81, and Nokia A, FM9.70 to the good at FM212 after it landed a $240m handset order from AT&T of the US. However, analysts noted that the telecoms group, which plummetted in the final quarter of 1995 during the global high tech shakeout, was still running a long way behind the general market.

MADRID got the rate cut for which it was waiting, and promptly sold equities, the general index falling 1.35 to 370.48. The supermarket group, Pryca, fell Pta110 to Pta3,000 after a 0.3 per cent fall in its sales for the nine months to September.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

Fears over company profits push Bangkok lower

ASIA PACIFIC

Concerns about corporate profits and rumours of possible debt rating downgrades prompted heavy selling by local and foreign investors in **BANGKOK**.

The SET index slid 3 per cent, ending 32.14 lower at 1,026.54 for a three-day decline of around 73 points.

There were worries about the upcoming third quarter results season and, according to dealers, some talk about a possible debt downgrade by Moody's or Standard & Poor's.

Brokers said that there were doubts about the quality of the new government after the November 17 general election. "No one knows just how stable a new coalition will be," said one trader.

TOKYO remained unaffected by the record-breaking gains in the United States and Europe, sluggish trading bringing the Nikkei average to a moderately lower finish, *writes Gwen Robinson.*

The 225 index fell 167.10 to 21,331.50 after moving between 21,297.6 and 21,548.21. Heavy selling by foreign-based securities houses of large-capital steelmakers dampened market sentiment, prompting concerns that the Nikkei might be entering a downward phase that could see it dip below the 21,000 line.

In their best-case scenarios, analysts said the market would probably continue to seesaw until a new government is formed after the October 20 election.

The Topix index of all first section stocks fell 12.19 to 1,608.02, and the capital weighted Nikkei 300 lost 2.58 to 300.79. Volume eased from 285m shares to an estimated 283m and declines led advances 722 to 302 with 211 unchanged.

In London, the ISE/Nikkei 50 index rose 1.03 to 1,456.13.

In spite of a flurry of arbitrage-linked buying in the morning, prompted by the overnight increase in Chicago Nikkei-225 futures, the market lost steam through the day to settle into lacklustre trading dominated by small-lot selling.

Nippon Steel, the most actively traded stock, led the retreat by other large-capital steels, losing Y5 to Y340. Kawasaki Steel fell Y5 to Y374 and Sumitomo Metal Industries shed Y4 to Y306. Shipbuilders also lost ground. Hitachi Zosen declined Y10 to Y559, while Mitsubishi Heavy Industries fell Y9 to Y904.

Major electricals lost their popularity of recent sessions to end mostly weaker, in spite of the positive aspects of the dollar's climb against the yen for export-oriented manufacturers.

NEC declined Y20 to Y1,270. Hitachi dropped Y10 to Y1,080, Fujitsu was down Y10 to Y1,050 and Toshiba lost Y8 to Y758. TDK lost Y40 to Y6,960 on profit-taking, after gaining Y160 the previous day to hit a new high for the year.

Carmakers were mixed. After gaining Y40 the previous day, Honda Motor lost Y50 to Y2,810, Toyota Motor fell Y50 to Y2,810 and Nissan shed Y8 to Y905. Truck manufacturers, however, benefited from improved prospects for sales. Isuzu Motors added Y6 to Y615 and Hino Motors gained Y10 to Y1,130.

In Osaka, the OSE average lost 116.62 to 22,078.54 in volume of 23.2m shares.

TAIPEI closed sharply higher as investors cheered the government's decision not to raise business tax. At the close the weighted index was 73.34 higher at 6,611.58.

The finance ministry said yesterday that business income tax would stay at 25 per cent under planned tax reform.

WELLINGTON continued to rise ahead of the general election on October 12. The 40-Capital index gained 4.36 to 2,235.73 in spite of the negative political trend suggested by the latest opinion polls. "The polls are pointing to a left-slanting coalition whereas the market appears to be pricing in a right-wing result," said one dealer.

MANILA met with steady selling which pushed the main index down 1.3 per cent. It closed off 41.62 at 3,130.26, having touched an intra-day low of 3,097.69.

Ayala Land, the big property group, was hit hard by what was described as portfolio realignment by overseas funds. The B shares ended off 4.8 per cent at 29.50 pesos, down 1.50 pesos.

SYDNEY's banks saw profit-taking as the All Ordinaries index rose 0.3 to 2,314.9. ANZ fell more than 3 per cent, tumbling 24 cents to A$7.25 in 6.4m shares.

Resource stocks were steadier with the All Resources index closing 11.8 ahead at 1,340.3. BHP added eight cents to A$16.48.

The reiterated profits warning from ICI Australia came after the market had closed. The stock, pushed up lately by hopes that parent ICI is set to buy out the minority shareholding, added 28 cents to A$12.88.

HONG KONG extended its rally to a seventh straight session. The Hang Seng index picked up 62.68 to 12,014.56, closing above 12,000 for the first time since February 1994, supported by local fundamentals and strong performances elsewhere in the region. Turnover rose to HK$7.9bn.

HSBC Holdings rose HK$2 to HK$146 after an all-time intra-day high of HK$146.50.

Sun Hung Kai Properties dipped 25 cents to HK$81.50 on disappointment over its full year profit figures, while Henderson Land rose 75 cents to HK$66.75.

KUALA LUMPUR saw strong foreign institutional demand for blue chips and the composite index closed 8.40 higher at 1,147.72. Hong Leong Credit rose M$1.30 to M$13.20 on speculation about a restructuring in the Hong Leong group.

BOMBAY erased early gains as SBI, the country's largest commercial bank, lost Rs10.75 to Rs239 on selling by foreign funds and dragged blue chips lower. The BSE-200 composite index fell 31.03 to 3,195.77.

● *Seoul was closed to* mark National Foundation Day

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY OCTOBER 2 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY OCTOBER 1 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (78)	211.01	1.9	199.59	149.06	167.62	176.36	1.3	4.31	207.15	196.27	146.73	164.32	174.03	212.18	179.77	188.06
Austria (24)	180.89	1.1	171.10	127.78	143.80	143.46	1.1	1.96	178.96	169.59	125.92	141.96	141.86	195.04	166.11	179.15
Belgium (27)	218.04	0.4	206.24	154.02	173.09	169.05	0.5	3.94	217.24	205.84	152.83	172.32	168.27	218.69	190.86	194.48
Brazil (28)	181.50	0.0	171.68	128.21	144.08	341.20	0.0	1.90	181.53	172.01	127.71	144.00	341.20	189.70	123.97	149.32
Canada (116)	172.47	1.1	163.14	121.83	136.92	170.04	1.1	2.09	170.53	161.58	119.97	135.27	168.25	172.47	134.14	143.97
Denmark (30)	324.38	0.6	306.83	229.14	257.51	258.40	0.6	1.78	322.49	305.57	226.88	255.81	256.84	324.38	276.80	280.94
Finland (23)	215.47	0.6	203.81	152.21	171.05	206.06	0.3	2.42	214.22	202.97	150.70	169.93	205.52	263.06	171.73	263.06
France (93)	198.19	0.7	187.47	140.00	157.34	160.69	0.7	3.02	196.80	186.47	138.45	156.11	159.51	198.39	167.70	171.81
Germany (58)	178.86	0.7	169.20	126.36	142.00	142.00	0.8	1.73	177.66	168.34	124.99	140.93	140.93	179.26	155.66	159.89
Hong Kong (58)	452.95	0.1	428.44	319.96	359.59	449.84	0.1	3.41	452.74	428.99	318.51	359.13	449.44	452.95	354.67	377.82
Indonesia (27)	211.26	2.0	199.83	149.23	167.71	301.13	1.9	1.67	207.11	196.24	145.70	164.29	295.53	–	–	–
Ireland (16)	306.01	0.7	289.45	216.16	242.93	269.40	0.9	3.33	303.81	287.86	213.73	240.99	267.04	306.01	241.27	248.47
Italy (59)	79.69	1.1	75.37	56.29	63.26	90.33	0.8	2.30	78.79	74.65	55.43	62.50	89.50	84.63	67.22	75.52
Japan (480)	146.44	-0.6	138.52	103.45	116.26	103.46	-0.2	0.74	147.28	139.55	103.61	116.83	103.61	164.66	137.75	143.19
Malaysia (107)	570.50	0.5	539.62	402.99	452.90	549.62	0.6	1.20	567.50	537.71	399.24	450.16	546.95	586.09	425.77	484.89
Mexico (28)	1282.89	2.2	1213.46	906.21	1018.44	10544.35	2.0	1.36	1255.81	1189.90	883.47	996.16	10340.35	1325.55	791.99	1052.45
Netherland (19)	305.71	0.9	289.16	215.95	242.69	238.98	1.0	3.09	302.89	287.00	213.09	240.27	236.61	305.71	251.81	267.44
New Zealand (15)	86.74	0.5	82.04	61.27	68.86	65.75	0.4	4.17	86.30	81.77	60.71	68.46	65.51	87.62	75.94	78.51
Norway (35)	257.52	1.4	243.58	181.91	204.44	227.16	1.4	2.25	253.87	240.55	178.60	201.38	224.07	257.52	222.24	236.21
Philippines (22)	201.41	-0.7	190.51	142.27	159.89	263.32	-0.6	0.61	202.73	192.09	142.62	160.81	265.01	–	–	–
Singapore (43)	398.97	0.0	377.38	281.82	316.73	259.15	0.0	1.06	399.14	378.19	280.80	316.61	259.11	465.21	381.94	389.29
South Africa (44)	352.09	2.5	333.03	248.71	279.51	346.67	1.8	2.21	343.46	325.43	241.63	272.45	340.55	487.78	314.20	350.45
Spain (37)	182.87	0.8	172.98	129.18	145.18	177.96	0.8	3.30	181.37	171.85	127.59	143.87	176.63	188.85	145.15	150.29
Sweden (46)	382.74	0.4	362.03	270.36	303.85	374.12	0.0	2.29	381.30	361.29	268.25	302.46	374.09	382.74	294.19	318.24
Switzerland (37)	245.32	0.8	232.05	173.29	194.75	190.56	0.6	1.56	243.89	231.04	171.54	193.42	189.50	254.34	215.35	218.42
Thailand (45)	141.39	-2.9	133.73	99.87	112.24	139.59	-2.9	2.46	145.65	138.01	102.47	115.54	143.67	193.95	128.90	162.06
United Kingdom (213)	253.64	0.7	239.91	179.17	201.36	239.91	0.6	3.92	251.83	238.61	177.16	199.76	238.61	253.64	220.86	226.07
USA (624)	282.87	0.7	267.56	199.81	224.56	282.87	0.7	2.10	280.89	266.15	197.61	222.82	280.89	282.87	236.38	238.16
Americas (796)	258.77	0.7	244.77	182.79	205.43	217.54	0.7	2.09	256.88	243.41	180.73	203.78	215.96	258.77	215.17	217.84
Europe (719)	220.76	0.7	208.81	155.94	175.25	192.32	0.7	2.97	219.16	207.66	154.19	173.86	191.09	220.76	191.44	195.20
Nordic (136)	327.08	0.5	309.38	231.05	259.66	281.46	0.3	2.22	325.32	308.24	228.86	258.05	280.68	327.08	261.13	293.03
Pacific Basin (876)	161.37	-0.3	152.64	113.99	128.10	115.45	0.0	1.21	161.89	153.40	113.89	128.42	115.49	177.01	148.86	154.25
Euro-Pacific (1595)	185.98	0.2	175.92	131.38	147.65	144.46	0.3	2.06	185.65	175.89	130.60	147.25	144.02	190.57	166.51	171.21
North America (740)	276.16	0.7	261.21	195.07	219.23	275.40	0.7	2.10	274.17	259.78	192.88	217.49	273.43	276.16	230.17	232.34
Europe Ex. UK (506)	198.20	0.7	187.47	140.01	157.34	164.80	0.7	2.41	196.78	186.45	138.44	156.09	163.86	198.20	170.51	174.43
Pacific Ex. Japan (396)	295.32	0.6	279.33	208.61	234.44	254.30	0.4	2.92	293.66	278.25	206.59	232.94	253.23	296.69	243.59	258.35
World Ex. US (1811)	187.76	0.3	177.60	132.63	149.05	149.37	0.4	2.06	187.23	177.40	131.72	148.52	148.68	191.55	167.36	172.28
World Ex. UK (2222)	213.91	0.4	202.34	151.10	169.82	182.59	0.6	1.89	212.99	201.81	149.84	168.95	181.66	213.91	185.81	189.17
World Ex. Japan (1955)	255.48	0.7	241.65	180.46	202.81	241.58	0.7	2.44	253.60	240.29	178.41	201.17	239.93	255.48	217.26	219.88
The World Index (2435)	217.35	0.5	205.58	153.53	172.54	187.75	0.5	2.09	216.36	204.99	152.20	171.62	186.80	217.35	188.87	192.39

CONSTITUENT CHANGE with effect 4/10/96: deletion: Fidis (Italy). Latest prices were unavailable for this edition.